

**AMARILLO COLLEGE**  
Amarillo, Texas

**ANNUAL FINANCIAL REPORT**  
August 31, 2019 and 2018



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**AMARILLO COLLEGE  
ORGANIZATIONAL DATA  
August 31, 2019**

**Board of Regents**

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	<u>Officers</u>	Term Expires <u>May</u>
Dr. Paul Proffer	Chair	2025
Johnny E. Mize	Vice Chair	2025
Anette Carlisle	Secretary	2021

	<u>Members</u>	
Jay Barrett	Amarillo, Texas	2023
Dr. David C. Woodburn	Amarillo, Texas	2025
Dan Henke	Amarillo, Texas	2021
Patrick Miller	Amarillo, Texas	2021
Michele Fortunato	Amarillo, Texas	2023
Sally Jennings	Amarillo, Texas	2023

	<u>Non-Voting Representative</u>	
Ronda Crow	Moore County, Texas	2022
Sara Pesina	Hereford, Texas	2021

**Cabinet Members**

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Dr. Russell Lowery-Hart	President
Mark White	Executive Vice President and General Counsel
Robert Austin	Vice President of Enrollment Management
Steve Smith	Vice President of Business Affairs
Dr. Tamara Clunis	Vice President of Academic Affairs
Cheryl Jones	Vice President of Human Resources
Kevin Ball	Vice President of Communications and Marketing
Denese Skinner	Vice President of Student Affairs
Cara Crowley	Vice President of Strategic Initiatives

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## Independent Auditor's Report

Board of Regents  
Amarillo College  
Amarillo, Texas

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of Amarillo College (the College) as of and for the years ended August 31, 2019 and 2018, and the related notes to the financial statements, which collectively comprise the College's basic financial statements, as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to express opinion on these financial statements based on our audit. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the College's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the College as of August 31, 2019 and 2018, and the changes in financial position and, where applicable, cash flows thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

## **Emphasis of Matter**

### *Change in Accounting Principle*

As described in Note 2 to the financial statements, in 2018, the College adopted new accounting guidance, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, the Schedule of the College's Proportionate Share of the Net Pension Liability, the Schedule of the College's Contributions for Pensions, Schedule of Proportionate Share of the Net OPEB Liability, Schedule of College's Contributions to the OPEB Plan, and Notes to Required Supplementary Information on pages 8-14 and pages 64-69 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the College's basic financial statements. The accompanying supplemental information listed in the table of contents, Schedules A, B, C and D, is likewise presented for purposes of additional analysis and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards, Schedule E, and Schedule of Expenditures of State of Texas Awards, Schedule F, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and the State of Texas Uniform Grants Management Standards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards, the Schedule of Expenditures of State of Texas Awards, and the Other Supplemental Information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

The statistical section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2019, on our consideration of the College's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control over financial reporting and compliance.

*Connor McMillon, Mitchell & Shennum, PLLC*

Amarillo, Texas  
December 10, 2019

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**INTRODUCTION**

The 2019 fiscal year was the eighteenth fiscal year that Amarillo College (the College) has presented financial statements in the format required by Governmental Accounting Standards Board (GASB) Statements No. 34 and 35. In the past, audit reports had the financial statements differentiating between the separate funds and fund groups of the College's general ledger. Under the new format, Exhibits 1, 2, and 3 present the financial data from all funds consolidated into a single column.

**Exhibit 1**, the Statements of Net Position corresponds to the Balance Sheet on prior year statements. This exhibit presents the assets, liabilities, and net position of the College in a single columnar format as of the end of the fiscal year.

**Exhibit 2**, the Statements of Revenues, Expenses, and Changes in Net Position presents the activity that occurred in the assets, liabilities, and net position for the fiscal year that resulted in the presentation of those items on Exhibit 1. Local ad valorem taxes assessed by the College, investment income, Title IV financial aid program, and state appropriations are reported as non-operating revenues.

**Exhibit 3**, the Statements of Cash Flows presents the inflow and outflow of cash collected and disbursed by the College for the fiscal year.

**Schedule A**, the Schedule of Operating Revenues presents a detailed list of the operating revenues, classified as Educational Activities (Unrestricted, Restricted) and Auxiliary Enterprises.

**Schedule B**, the Schedule of Operating Expenses by Object details the expenditures for the fiscal year classified by function (element of cost) and by natural (object code) classification.

**Schedule C**, the Schedule of Nonoperating Revenues and Expenses provides detail for the fiscal year classified as Unrestricted, Restricted and Auxiliary Enterprises.

**Schedule D**, the Schedule of Net Position by Source and Availability provides a reconciliation of fund balances to net position as well as funds available for current operations.

**Schedule E**, the Schedule of Expenditures of Federal Awards provides detail for the fiscal year for expenditures of federal financial assistance.

**Schedule F**, the Schedule of Expenditures of State of Texas Awards provides detail for the fiscal year for expenditures of state financial assistance.

**CONDENSED COMPARATIVE FINANCIAL INFORMATION**

This is the eighteenth year that the College has prepared these financial statements in the GASB 34/35 format. Following are the comparative financial statements for fiscal years 2019, 2018, and 2017:

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Total Assets - Capital Net	\$ 124,306,919	\$ 126,622,265	\$ 128,373,739
Total Assets - Noncapital	62,782,448	58,000,180	53,229,494
Total Assets	<u>187,089,367</u>	<u>184,622,445</u>	<u>181,603,233</u>
Deferred Outflows	12,740,114	6,266,212	5,647,350
Total Liabilities - Long Term	127,412,631	141,904,048	76,360,383
Total Liabilities - Other	29,571,852	22,205,600	21,390,237
Total Liabilities	<u>156,984,483</u>	<u>164,109,648</u>	<u>97,750,620</u>
Deferred Inflows	34,245,360	20,126,920	2,821,593
Net Position - Capital	66,153,996	66,289,681	64,725,434
Net Position - Restricted	14,662,306	12,097,855	10,657,174
Net Position - Unrestricted	(72,216,664)	(71,735,447)	11,295,762
Total Net Position	<u>\$ 8,599,638</u>	<u>\$ 6,652,089</u>	<u>\$ 86,678,370</u>
Operating Revenues			
Tuition and Fees (Net of Discounts)	\$ 14,506,839	\$ 14,416,526	\$ 14,318,157
Grants and Contracts	8,907,307	6,467,853	7,818,442
Other Operating Revenues	1,295,700	6,034,113	699,471
Auxiliary Enterprises (Net of Discounts)	5,526,344	5,561,365	5,581,766
Total Operating Revenues	<u>30,236,190</u>	<u>32,479,857</u>	<u>28,417,836</u>
Operating Expenses			
Instruction	35,717,695	38,152,241	31,740,215
Public Service	3,667,945	3,891,530	3,595,580
Academic Support	3,698,136	3,607,041	2,616,756
Student Services	4,975,257	5,060,578	4,358,923
Institutional Support	14,125,681	15,376,170	16,143,212
Operation and Maintenance of Plant	6,938,988	7,156,333	6,705,112
Scholarships and Fellowships	9,906,898	8,475,841	9,219,231
Auxiliary Enterprises	6,126,332	6,280,735	6,015,033
Depreciation	5,692,874	5,827,295	5,785,031
Total Operating Expenses	<u>90,849,806</u>	<u>93,827,764</u>	<u>86,179,093</u>
Operating Loss	<u>(60,613,616)</u>	<u>(61,347,907)</u>	<u>(57,761,257)</u>
Nonoperating Revenues (Expenses)			
State Allocations	18,799,929	21,454,694	18,254,726
Ad Valorem Taxes	26,530,096	25,846,242	24,509,246
Federal Revenue, Nonoperating	17,946,479	16,805,032	16,288,132
Investment Income (Net)	912,004	931,259	642,405
Interest on Capital-Related Debt	(2,051,395)	(2,191,051)	(2,432,294)
Other Nonoperating Revenue (Expenses)	424,052	355,335	1,293,926
Net Nonoperating Revenues	<u>62,561,165</u>	<u>63,201,511</u>	<u>58,556,141</u>
Extraordinary Item			
Insurance proceeds	-	1,502,788	-

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**CONDENSED COMPARATIVE FINANCIAL INFORMATION (CONTINUED)**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Increase in Net Position	1,947,549	3,356,392	794,884
Beginning Net Position	6,652,089	86,678,370	85,883,486
Prior Period Adjustment	-	(83,382,673)	-
Ending Net Position	<u>\$ 8,599,638</u>	<u>\$ 6,652,089</u>	<u>\$ 86,678,370</u>

**ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS**

**REVENUES**

**State Appropriations** – State appropriations for educational and general state support have continually decreased over the past 5 years by 11.69%. State appropriations for educational and general state support for 2018-19 is \$13.58 million which is in the second year of the current biennium is 0.26% more less than the previous year.

<u>Year</u>	<u>State Appropriations</u>	<u>Change from Prior Year</u>	<u>% Change</u>
2015	15,289,482	(17,567)	-0.1%
2016	13,792,946	(1,496,536)	-9.8%
2017	13,815,609	22,663	+0.2%
2018	13,483,127	(332,482)	-2.41%
2019	13,518,127	35,000	+0.26%

**Auxiliary Enterprises** – Profits from the College's auxiliary enterprises remain steady, which includes the operation of family housing at the East Campus and the operation of the campus bookstores. For several years' profit from auxiliary enterprises has been used to supplement the operation of the College's physical plant.

**Investment Income** – From 2003 to 2007 interest rates rose, increasing investment revenue; during 2008 interest rates started declining and continued to do so through 2016. In 2017 there was an increase in investment income due to improvement in the national economy that has continued through 2019.

**Ad Valorem Tax Base** – The Amarillo Junior College District (the District) property appraisal increased \$368 million or 2.85% from the 2018 tax year to the 2019 tax year, \$731 million or 6% from the 2017 tax year to the 2018 tax year, \$839 million or 5.9% from 2016 tax year to 2017 tax year, \$531 million or 4.56% from the 2015 tax year to the 2016 tax year. The increase is made up of new properties, improvements to existing properties, and increased valuations.

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)**

With the passage of the bond initiative in November of 2007 and the subsequent sale of \$68.3 million of construction bonds, the total tax rate for the 2017 tax year remained the same at \$.20750 per \$100 valuation; however, the maintenance and operations portion of the tax rate decreased \$0.0105 from the previous year and the interest and sinking portion was increased by the same amount. The last bond sale associated with the November 2007 bond initiative was on May 15, 2012, in the amount of \$14,305,000.

In November of 2006, the voters of the District passed the local option to freeze ad valorem taxes for seniors and disabled.

The Amarillo City Council adopted Ordinance No. 7012 on December 19, 2006, providing for the creation of a contiguous geographic area within the City to be a zone known as the Tax Increment Zone Number One, City of Amarillo, Texas (TIRZ #1) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #1. At a special meeting in November of 2007, the Board of Regents approved participation in the TIRZ #1. The contribution by the College to the TIRZ #1 district for 2018-19, 2017-18, and 2016-17, was \$158,822, \$119,988, and \$107,872 respectively.

The Amarillo City Council adopted Ordinance No. 7627 on November 08, 2016, providing for the creation of a second contiguous geographic area within the City to be a zone known as the East Gateway Tax Increment Zone Number 2, City of Amarillo, Texas (TIRZ #2) and the establishment of a tax increment fund for the Zone. The District's boundaries encompass the TIRZ #2. At a regular meeting on November 28, 2017, the Board of Regents approved participation in the TIRZ #2. The contribution by the College to the TIRZ #2 district for 2018-19 was \$16,756 and in 2017-18 was \$3,623.

**Economic Outlook** – The Amarillo and regional economy continues to grow at a steady pace. The August, 2019 local unemployment rate of 2.7% is below the state and national averages of 3.4% and 3.7%, respectively. State appropriations for the upcoming biennium will be \$29.6 million which is slightly higher than the \$27.0 million from the 2017/2018 biennium or the \$27.5 million from the 2015/2016 biennium.

**EXPENSES**

**Employee Health Insurance** – The College offers health insurance to its employees through the Employees Retirement System of Texas (ERS). The amount funded by the state was \$4 million, \$3.9 million, and \$3.47 million for fiscal years 2019, 2018, and 2017, respectively.

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**ANALYSIS OF COLLEGE'S OVERALL FINANCIAL POSITION AND RESULTS OF OPERATIONS (CONTINUED)**

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

Capital assets are defined as those items costing over \$5,000 and which have a normal useful life of more than two years. Below is a summary of the capital assets, as of August 31:

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<b>Percent Change</b>
Land	\$ 5,335,103	\$ 5,335,103	\$ 5,397,795	0.0%
Construction in progress	1,922,775	440,970	97,317	336.0%
Buildings and building improvements	161,683,102	160,991,802	158,963,312	0.4%
Other real estate improvements	9,288,982	9,288,982	7,444,788	0.0%
Library books	782,814	1,119,060	1,120,601	-30.0%
Furniture, machinery, vehicles, and other equipment	35,111,325	34,894,742	35,421,578	0.6%
Assets held pending sale	-	62,692	-	-100.0%
<b>Total capital assets</b>	<u>\$ 214,124,101</u>	<u>\$ 212,133,351</u>	<u>\$ 208,445,391</u>	

The College has entered into various construction contracts of which one contract was not fully completed at year end. Total current commitment is \$2,079,291 of which \$1,922,775 was expended at August 31, 2019.

At August 31, 2019, the College had five bond issues outstanding, consisting of a revenue bond and four general obligation bond issues. The outstanding balance as of August 31, 2019, on each of the issues is \$14,565,000, \$3,160,000, \$12,990,000, \$8,520,000, and \$16,280,000 for Series 2010, 2011, 2012, 2013, and 2016 respectively.

In July of 2015, \$8,705,000 of the Series 2008 issue was re-funded in order to lower the overall debt service requirements of the College. The Series 2015 issue resulted in an overall savings of approximately \$1,190,831.

In September of 2016, \$6,080,000 of the Series 2008 and \$11,745,000 of the Series 2009 issue were refunded in order to lower the overall debt service requirements of the College. The Series 2016 issue resulted in an overall savings of approximately \$1,997,289.

The 2011 revenue bond has an outstanding balance of \$3,160,000.

Total long-term debt, excluding current portion, at August 31, 2019, is \$51,530,000.

Additional information on the College's capital assets and noncurrent liabilities can be found in Notes 6, 7, 8, 9 and 10 respectively, to the basic financial statements.

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**OTHER MATTERS AT THE COLLEGE**

**Prior Period Adjustment** – In June of 2015, the GASB issued Statement No. 75 which established new accounting and financial reporting requirements for governments that provide their employees with postemployment benefits other than pensions (OPEB). The guidance contained in the Statement changes how governments recognize and measure liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. GASB 75 provides specific guidance dependent on whether the OPEB pension plan the government participates in is considered a single-employer plan, multiple-employer plan or cost-sharing multiple-employer plan.

Amarillo College provides OPEB benefits to its employees and retirees through its participation in the Employers Retirement System of Texas (ERS) health insurance plan. ERS is considered to be a multiple-employer, cost-sharing pension plan. A cost-sharing employer that has a special funding situation is required to recognize a liability for its proportionate share of the net OPEB liability. The prior period adjustment to record the net OPEB liability was (\$83,482,673) in 2018.

**Amarillo Technical Center** – Beginning with the 1996 fiscal year, the College assumed the operation of the Texas State Technical College Amarillo campus by act of the Texas State Legislature. The land and buildings were leased to the College through fiscal year 2002. On September 1, 2002, the land and facilities were transferred to the College by act of the Texas State Legislature. The Amarillo Technical Center has been renamed the Amarillo College East Campus. HB 521, which was passed in the Texas State Legislature, now gives the College the ability to dispose of excess acreage encompassed within the East Campus.

**Moore County Branch Campus** – In 1999 the voters of Moore County passed a Branch Campus Maintenance Tax to fund a branch campus of Amarillo College in Dumas, Texas.

The College agreed to underwrite the cost above revenues of the branch campus until the revenues generated by the operation of the campus were sufficient to cover the expenditures. The long-term financial plan for the Moore County Branch Campus projected that the campus would begin paying back the reserves used by the College in fiscal year 2004 and would have all of the reserves reimbursed during fiscal year 2006. During fiscal year 2003, the Moore County Branch Campus had paid back all underwriting funds.

The Amarillo College Moore County Campus Tactical Plan development for 2011-2015 has resulted in the construction of an approximately 30,000 square foot Career and Technical Center in Dumas, Texas. The Career and Technical Center is located in the Dumas Economic Development Corporation (DEDC) Business Park, which is located at Hwy 287 and Success Boulevard. DEDC donated approximately 11 acres in the Business Park with the understanding that construction was to commence within two years of the property being annexed to the City of Dumas and the utilities being located on the property. The Amarillo College Board of Regents approved the sale of \$4.5 million in Revenue Bonds to be used to finance the new Career and Technical Center. Construction on the Career and Technical Center was essentially completed by August 31, 2013.

**AMARILLO COLLEGE  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
Years Ended August 31, 2019, 2018 and 2017**

**OTHER MATTERS AT THE COLLEGE (CONTINUED)**

**Hereford Branch Campus** – In 2003, citizens of Hereford, Texas, organized a steering committee to investigate the possibility of establishing a community college branch campus to be located in their city. The steering committee approached the College and discussions began concerning the establishment of a branch campus. In 2004, voters of the Hereford Independent School District passed a Branch Campus Maintenance Tax to fund a branch campus of Amarillo College in Hereford. The Hereford Branch Campus began operation for the 2005 Fall Semester.

During September of 2011, the College was approached by an individual wanting to make a monetary donation for construction of a new campus for Amarillo College in Hereford. In January of 2012, the Everett & Mabel McDougal Hinkson Foundation, Inc. was established with a gift of \$3,000,000 for construction of a new campus. Various covenants were specified, one of which was the requirement of the College to spend \$2,000,000 for the construction. The College contribution would be the first money used during construction, which began in Fall of 2012 and was completed for Spring 2014 classes. The total cost to the College was approximately \$2.5 million, which was funded by use of AC reserves and Hereford Branch Campus reserves. The Hereford Economic Development Corporation donated approximately 10 acres and the College purchased an additional 10 acres of land for the site of the new campus.

**AMARILLO FOUNDATION FOR EDUCATION AND BUSINESS**

On November 14, 2012, the Board of Regents entered into an agreement with an independent foundation entitled Amarillo Foundation for Education and Business (AFEB) for the sole purpose of selling land on East Campus. The Board of Directors consists of five members, two members who shall be appointed by PRANA Development Group, LLC, and three members who will be appointed by the College. AFEB is considered a blended component unit of the College. As of August 31, 2014, five land sales had taken place for a total of 77.46 acres being sold for \$863,752. There were no land sales in 2019, 2018 or 2017.

**SUBSEQUENT EVENTS**

On September 12, 2019, the College issued \$27,500,000 General Obligation Bonds, Series 2019 Limited Tax Refunding Bonds to be used to construct and equip new buildings and renovate existing facilities.

## **FINANCIAL STATEMENTS**

**AMARILLO COLLEGE**  
**STATEMENTS OF NET POSITION**  
**AUGUST 31, 2019 and 2018**  
**Exhibit 1**

	<b>2019</b>	<b>2018</b>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$ 9,633,196	\$ 9,166,930
Short-term investments	17,681,900	20,215,267
Accounts receivable, net	16,969,231	9,625,795
Inventories	1,125,051	1,156,326
Other assets	688,397	739,660
Total current assets	46,097,775	40,903,978
<b>NONCURRENT ASSETS</b>		
Restricted cash and cash equivalents	3,220,394	3,192,633
Restricted investments	10,464,279	10,340,877
Endowment investments	2,500,000	2,500,000
Long-term grant receivable	500,000	1,000,000
Capital assets, net	124,306,919	126,622,265
Capital assets held for sale, net	-	62,692
Total noncurrent assets	140,991,592	143,718,467
<b>TOTAL ASSETS</b>	<b>\$ 187,089,367</b>	<b>\$ 184,622,445</b>
<b>DEFERRED OUTFLOW OF RESOURCES</b>		
Deferred outflows on net pension liability	\$ 9,076,985	\$ 2,340,372
Deferred outflows related to OPEB	1,964,753	2,015,167
Deferred charge on refunding	1,698,376	1,910,673
<b>TOTAL DEFERRED OUTFLOWS</b>	<b>\$ 12,740,114</b>	<b>\$ 6,266,212</b>
<b>LIABILITIES AND NET POSITION</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable	\$ 1,365,484	\$ 1,202,758
Accrued compensable absences - current portion	442,794	418,222
Retainage payable	74,415	15,472
Funds held for others	12,093,160	5,576,658
Unearned revenues	11,080,300	10,883,782
Bonds payable - current portion	3,985,000	3,585,000
Capital lease payable - current portion	30,699	23,708
Loans payable - current	500,000	500,000
Total current liabilities	29,571,852	22,205,600
<b>NONCURRENT LIABILITIES</b>		
Accrued compensable absences	853,386	769,212
Deposits payable	157,631	152,281
Bonds payable	51,530,000	55,515,000
Capital lease payable	78,537	-
Loans payable - noncurrent	414,567	1,000,000
Unamortized debt premium	2,450,438	2,710,032
Net pension liability	18,764,815	10,237,600
Net OPEB liability	53,163,257	71,519,923
Total noncurrent liabilities	127,412,631	141,904,048
<b>TOTAL LIABILITIES</b>	<b>\$ 156,984,483</b>	<b>\$ 164,109,648</b>

**AMARILLO COLLEGE  
STATEMENTS OF NET POSITION, CONTINUED  
AUGUST 31, 2019 and 2018  
Exhibit 1, Continued**

	<b>2019</b>	<b>2018</b>
<b>LIABILITIES AND NET POSITION, CONTINUED</b>		
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows on net pension liability	\$ 3,237,755	\$ 4,313,522
Deferred inflows related to OPEB	31,007,605	15,813,398
<b>TOTAL DEFERRED INFLOWS</b>	<b>\$ 34,245,360</b>	<b>\$ 20,126,920</b>
<b>NET POSITION</b>		
Net investment in capital assets	\$ 66,153,996	\$ 66,289,681
Restricted for:		
Nonexpendable:		
Endowment - True	2,500,000	2,500,000
Expendable:		
Capital projects	386,800	386,800
Debt service	3,099,331	2,858,088
Other, primarily donor restrictions	8,676,175	6,352,967
Unrestricted	(72,216,664)	(71,735,447)
<b>TOTAL NET POSITION (Schedule D)</b>	<b>\$ 8,599,638</b>	<b>\$ 6,652,089</b>

The accompanying notes are an integral part to the financial statements.

**AMARILLO COLLEGE**  
**STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**YEARS ENDED AUGUST 31, 2019 and 2018**  
**Exhibit 2**

	<u>2019</u>	<u>2018</u>
<b>OPERATING REVENUES</b>		
Tuition and fees (net of discounts of \$10,127,812 and \$10,377,004) in 2019 and 2018, respectively	\$ 14,506,839	\$ 14,416,526
Federal grants and contracts	3,919,396	6,467,853
State grants and contracts	1,475,363	1,548,297
Local grants and contracts	1,927,040	1,981,312
Nongovernmental grants and contracts	1,585,508	1,503,071
Sales and services of educational activities	524,620	505,553
Auxiliary enterprises (net of discounts)	5,526,344	5,561,365
Other operating revenues	771,080	495,880
Total operating revenues (Schedule A)	<u>30,236,190</u>	<u>32,479,857</u>
<b>OPERATING EXPENSES</b>		
Instruction	35,717,695	38,152,241
Public service	3,667,945	3,891,530
Academic support	3,698,136	3,607,041
Student services	4,975,257	5,060,578
Institutional support	14,125,681	15,376,170
Operation and maintenance of plant	6,938,988	7,156,333
Scholarships and fellowships	9,906,898	8,475,841
Auxiliary enterprises	6,126,332	6,280,735
Depreciation	5,692,874	5,827,295
Total operating expenses (Schedule B)	<u>90,849,806</u>	<u>93,827,764</u>
Operating loss	<u>(60,613,616)</u>	<u>(61,347,907)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
State appropriations	18,799,929	21,454,694
Maintenance ad valorem taxes		
Taxes for maintenance and operations	21,067,011	19,433,980
Taxes for general obligation bonds	5,463,085	6,412,262
Federal revenue, non-operating	17,946,479	16,805,032
Gifts	321,167	235,209
Investment income, net of investment expenses	912,004	931,259
Interest on capital-related debt	(2,051,395)	(2,191,051)
Gain on disposal of fixed assets	102,885	120,126
Net nonoperating revenues (Schedule C)	<u>62,561,165</u>	<u>63,201,511</u>
Increase (Decrease) before special and extraordinary items	1,947,549	1,853,604
<b>EXTRAORDINARY ITEM</b>		
Insurance proceeds	-	1,502,788
Increase (Decrease) in net position	<u>1,947,549</u>	<u>3,356,392</u>
<b>NET POSITION - BEGINNING OF YEAR</b>	6,652,089	86,678,370
<b>PRIOR PERIOD ADJUSTMENT</b>	-	(83,382,673)
<b>NET POSITION - BEGINNING OF YEAR, RESTATED</b>	<u>6,652,089</u>	<u>3,295,697</u>
<b>NET POSITION - END OF YEAR</b>	<u>\$ 8,599,638</u>	<u>\$ 6,652,089</u>

The accompanying notes are an integral part to the financial statements.

**AMARILLO COLLEGE  
STATEMENTS OF CASH FLOWS  
YEARS ENDED AUGUST 31, 2019 and 2018  
Exhibit 3**

	<b>2019</b>	<b>2018</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from students and other customers	\$ 21,164,029	\$ 20,590,872
Receipts from grants and contracts	1,599,835	10,246,576
Payments to suppliers for goods or services	(19,873,642)	(18,137,210)
Payments to or on behalf of employees	(56,840,463)	(58,543,122)
Payments of scholarships	(10,203,391)	(8,779,165)
Other cash receipts (payments)	744,306	389,026
Net cash used by operating activities	(63,409,326)	(54,233,023)
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Receipts from state appropriations	18,804,890	21,492,354
Receipts from ad valorem taxes	26,459,490	25,804,585
Receipts from nonoperating federal revenue	24,401,121	16,797,369
Receipts from gift or grants	321,167	139,985
Student organization and other agency transactions	10,003	22,059
Extraordinary item - insurance proceeds	-	1,502,788
Net cash provided by noncapital financing activities	69,996,671	65,759,140
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Proceeds from sale of capital assets	214,280	260,928
Proceeds on notes payable	-	1,500,000
Payments on notes payable	(585,433)	-
Purchases of capital assets	(3,281,760)	(4,157,724)
Payments on capital debt principal	(3,585,000)	(3,365,000)
Payments on capital debt interest	(2,098,692)	(2,238,349)
Net cash used by capital and related financing activities	(9,336,605)	(8,000,145)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sale and maturity of investments	24,879,579	24,096,018
Purchases of investments	(22,273,558)	(23,632,645)
Investment earnings	637,266	678,715
Net cash provided by investing activities	3,243,287	1,142,088
<b>INCREASE IN CASH AND CASH EQUIVALENTS</b>	494,027	4,668,060
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	12,359,563	7,691,503
<b>CASH AND CASH EQUIVALENTS, END OF YEAR (RESTRICTED AND UNRESTRICTED)</b>	\$ 12,853,590	\$ 12,359,563

**AMARILLO COLLEGE  
STATEMENTS OF CASH FLOWS, CONTINUED  
YEARS ENDED AUGUST 31, 2018  
Exhibit 3, Continued**

	<u>2019</u>	<u>2018</u>
<b>Reconciliation of net operating loss to net cash used by operating activities:</b>		
Operating loss	\$ (60,613,616)	\$ (61,347,907)
Adjustments to reconcile net operating loss to net cash used by operating activities:		
Depreciation expense	5,692,874	5,827,295
Bad debt	550,137	479,927
Changes of deferred inflows of financial resources	14,118,440	17,305,327
Changes of deferred outflows of financial resources	(6,686,199)	(831,159)
Changes in assets and liabilities:		
Accounts receivable, net	(7,327,928)	(673,907)
Inventories	31,275	166,085
Other assets	129,945	(8,109)
Accounts payable	162,583	(373,218)
Accrued compensable absences	108,746	112,073
Funds held for others	52,000	-
Unearned revenue	196,518	256,016
Net pension liability	8,527,215	(3,192,702)
Net OPEB liability	(18,356,666)	(11,962,750)
Deposits payable	5,350	10,006
Net cash used by operating activities	<u>\$ (63,409,326)</u>	<u>\$ (54,233,023)</u>
<b>Non-Cash Transactions</b>		
Donation of capital assets	\$ -	\$ 36,500
Net change in fair value investments	3,886	326,872
Amortization of bond premiums and discounts	259,594	259,595

The accompanying notes are an integral part of the financial statements.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 1 - REPORTING ENTITY**

Amarillo College (the College) was established in 1929, in accordance with the laws of the state of Texas, to serve the educational needs of Amarillo and the surrounding communities. The College is considered to be a special-purpose, primary government according to the definition in Governmental Accounting Standards Board (GASB) Statement No. 14. While the College receives funding from local, state, and federal sources and must comply with the spending, reporting, and recordkeeping requirements of these entities, it is not a component unit of any other governmental entity.

The financial reporting entity includes both the primary institution and all of its component units. The Amarillo Foundation for Education and Business is considered to be a blended component unit. The blended component unit, although legally separate, is in substance part of the College's operations and, therefore, is reported as if it were part of the College. See Note 26 for additional information.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**Reporting Guidelines**

The significant accounting policies followed by the College in preparing these financial statements are in accordance with the *Texas Higher Education Coordinating Board's Annual Financial Reporting Requirements for Texas Public Community and Junior Colleges*. The College applies all applicable GASB pronouncements. The College is reported as a special-purpose government engaged in business-type activities.

**Tuition Discounting**

*Texas Public Education Grants*

Certain tuition amounts are required to be set aside for use as scholarships by qualifying students. This set aside, called the Texas Public Education Grant (TPEG), is shown with tuition and fee revenue amounts as a separate set aside amount (Texas Education Code §56.033). When the award for tuition is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is dispersed directly to the student, the amount is recorded as a scholarship expense.

*Title IV, Higher Education Act Program Funds*

Certain Title IV HEA Program funds are received by the College to pass through to the student. These funds are initially received by the College and recorded as revenue. When the award is used by the student for tuition and fees, the amount is recorded as tuition discount. If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Tuition Discounting** (Continued)

*Other Tuition Discounts*

The College awards tuition and fee scholarships from institutional funds to students who qualify. When these amounts are used for tuition and fees, the amount is recorded as a tuition discount.

If the amount is disbursed directly to the student, the amount is recorded as a scholarship expense.

**Basis of Accounting**

The financial statements of the College have been prepared on the accrual basis of accounting whereby all revenues are recorded when earned and all expenses are recorded when they have been reduced to a legal or contractual obligation to pay.

**Budgetary Data**

Each community college in Texas is required by law to prepare an annual operating budget of anticipated revenues and expenditures for the fiscal year beginning September 1. The College's Board of Regents adopts the budget, which is prepared on the accrual basis of accounting. A copy of the approved budget and subsequent amendments must be filed with the Texas Higher Education Coordinating Board, Legislative Budget Board, Legislative Reference Library, and Governor's Office of Budget and Planning by December 1.

**Deferred Inflows**

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Governments are only permitted to report deferred inflows in circumstances specifically authorized by the GASB. The College has deferred inflows related to the recording of the net pension liability and the OPEB liability.

**Deferred Outflows**

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense) until then. Governments are only permitted to report deferred outflows in circumstances specifically authorized by the GASB. The College has deferred outflows relating to deferred charges on refunding debt and the net pension liability and the OPEB liability.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Cash and Cash Equivalents**

The College's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. Cash held in endowments is not considered to be cash and cash equivalents for cash flow purposes as it is permanently restricted.

**Restricted Cash**

Restricted cash consists of restricted funds from donors, unspent bond proceeds, sinking funds, and cash belonging to the Amarillo Foundation for Education and Business (AFEB).

**Investments**

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and External Investment Pools*, investments are reported at fair value. Fair values are based on published market rates. Short-term investments have an original maturity greater than three months but less than one year at time of purchase. Long-term investments have an original maturity of greater than one year at the time of purchase or are funds which have donor-imposed restrictions (endowments).

**Inventories**

Inventories consist of consumable office supplies, physical plant supplies (including fuel), computers, and bookstore stock. Inventories are valued at the lower of cost (under the first-in, first-out method) or market and are charged to expense as consumed.

**Capital Assets**

Capital assets are recorded at cost at the date of acquisition or fair value at the date of donation. The capitalization policy includes items valued at \$5,000 or more and a useful life of greater than two years. Renovations of \$100,000 or more to buildings, infrastructures, and land improvements that significantly increase the value or extend the useful life of the structure are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the assets' lives are charged to operating expense in the year in which the expense is incurred.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets. The following lives are used:

Buildings	50 years
Facilities and Other Improvements	20 years
Library Books	15 years
Furniture, Machinery, Vehicles and Other Equipment	10 years
Telecommunications and Peripheral Equipment	5 years

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Capital Assets** (Continued)

The GASB issued Statement No. 42, *Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries*, in November 2003. This Statement was effective for the College's fiscal year ending August 31, 2006. This Statement establishes accounting and financial reporting standards for impairment of capital assets and also clarifies and establishes accounting requirements for insurance recoveries. The College analyzed its capital assets for impairment in accordance with GASB Statement No. 42. As a result, there were no impairment losses recognized during 2019.

**Unearned Revenues**

Tuition, fees, and other revenues received and related to the periods after August 31, 2019 and 2018, have been deferred. Tuition and fees of \$9,558,717 and \$9,373,349 have been reported as unearned revenue at August 31, 2019 and 2018, respectively.

**Pensions**

The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS' fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**Other Postemployment Benefits**

The fiduciary net position of the Employee Retirement System of Texas (ERS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net OPEB liability, deferred outflows of information about assets, liabilities and additions to / deductions from ERS's fiduciary net position. Benefit payments are recognized when due and payable in accordance with the benefit terms. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

**Estimates**

The preparation of the financial statements in conformity with generally accepted accounting principles (GAAP) requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**Operating and Nonoperating Revenue and Expense Policy**

The College distinguishes operating revenues and expenses from nonoperating items. The College reports as a business-type activity and as a single, proprietary fund. Operating revenues

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**Operating and Nonoperating Revenue and Expense Policy (Continued)**

and expenses generally result from providing services in connection with the College's principal ongoing operations. The principal operating revenues are tuition and related fees. The major nonoperating revenues are state allocations, Title IV financial aid programs, and property tax collections. Operating expenses include the cost of sales and services, administrative expenses, and depreciation on capital assets.

When both restricted and unrestricted resources are available for use, it is the College's practice to use restricted resources first, and then unrestricted resources as they are needed.

**Change in Accounting Principles**

During fiscal year 2018, the College adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, which was effective for financial statements for periods beginning after June 15, 2017. This Statement improves financial reporting by enhancing the reporting of the other postemployment benefits (OPEB) and a more comprehensive measure of OPEB expense. With GASB 75, the College must assume their proportionate share of the Net OPEB of the Employee Retirement System of Texas (ERS). Adoption of GASB 75 required a prior period adjustment to report the effect of GASB 75 retroactively. There is added information available through new note disclosure and required supplementary information.

**Restatement of Beginning Net Position**

In 2018, the College restated its Beginning Net Position by \$83,382,673. The decrease in net position was due to the following items:

Increase in net position due to the implementation of GASB 75	\$ (83,482,673)
Increase in net position due to the addition of fixed assets not recorded properly	<u>100,000</u>
<b>Beginning Net Position, restated</b>	<b><u><u>\$ (83,382,673)</u></u></b>

Beginning net position was \$86,678,370 and was restated to \$3,295,697.

**NOTE 3 - AUTHORIZED INVESTMENTS**

The College is authorized to invest in obligations and instruments as defined in the Public Funds Investment Act (Sec. 2256.001 Texas Government Code). Such investments include (1) obligations of the United States or its agencies, (2) direct obligations of the state of Texas or its agencies, (3) obligations of political subdivisions rated not less than A by a national investment rating firm, (4) certificates of deposit, and (5) other instruments and obligations authorized by statute.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 4 - DEPOSITS AND INVESTMENTS**

Cash and cash equivalents included on Exhibit 1, Statement of Net Position, are reported below:

	<u>2019</u>	<u>2018</u>
Cash and cash equivalents		
Demand deposits	\$ 557,484	\$ (34,927)
TexPool	9,028,962	9,154,969
Petty cash on hand	46,750	46,888
Restricted TexPool	3,126,195	3,173,704
Restricted cash and cash equivalents	<u>94,199</u>	<u>18,929</u>
<b>Total cash and cash equivalents (restricted, and unrestricted)</b>	<b><u>\$ 12,853,590</u></b>	<b><u>\$ 12,359,563</u></b>

The following represents a reconciliation of deposits and investments to Exhibit 1:

<u>Type of Security</u>	<u>Market Value</u>	
	<u>2019</u>	<u>2018</u>
Savings/mutual funds	\$ 10,531,164	\$ 10,442,056
Certificates of deposit/CDARs	<u>20,115,015</u>	<u>22,614,088</u>
Total investments (Exhibit 1)	<b><u>\$ 30,646,179</u></b>	<b><u>\$ 33,056,144</u></b>
Cash and cash equivalents (Exhibit 1)	\$ 12,853,590	\$ 12,359,563
Investments (Exhibit 1)	<u>30,646,179</u>	<u>33,056,144</u>
<b>Total deposits and investments</b>	<b><u>\$ 43,499,769</u></b>	<b><u>\$ 45,415,707</u></b>

Investments are classified as follows:

	<u>2019</u>	<u>2018</u>
Short-term investments	\$ 17,681,900	\$ 20,215,267
Restricted investments	10,464,279	10,340,877
Endowment investments	<u>2,500,000</u>	<u>2,500,000</u>
<b>Total investments</b>	<b><u>\$ 30,646,179</u></b>	<b><u>\$ 33,056,144</u></b>

As of August 31, 2019, the College had the following investments and maturities:

<u>Investment Type</u>	<u>Market Value</u>	<u>Percent</u>	<u>Investment Maturities (Years)</u>	<u>Security Rating</u>
Endowed savings/mutual funds	\$ 10,531,164	34%	Less than 1 year	Unrated - BBB
Certificates of deposit	<u>20,115,015</u>	<u>66%</u>	Less than 1 year	Unrated
<b>Total investments</b>	<b><u>\$ 30,646,179</u></b>	<b><u>100%</u></b>		

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 4 - DEPOSITS AND INVESTMENTS (CONTINUED)**

**Interest Rate Risk** - Interest rate risk occurs when potential purchasers of debt securities do not agree to pay face value for those securities if interest rates rise. In accordance with state law and Board policy, the College does not purchase any investments with maturities greater than one year except for endowed funds which can be invested to a maximum of five years. The College uses the specific identification method to disclose interest rate risk.

**Concentration of Credit Risk** - Concentration risk is defined as positions of 5% or more in the securities of a single issuer. The College's investment policy states that the balance in external investment pools shall not exceed 35% of the total College investment portfolio unless approved by the Investment Committee of the Board of Regents. The College had no concentration of more than 5% as of August 31, 2019.

**Credit Risk** - In accordance with state law and the College's investment policy, with the exception of endowed investments, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, counties, etc. must be rated at least A.

**Custodial Credit Risk** - For deposits and investments, custodial credit risk is the risk that, in the event of the failure of the counterparty, the College will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. As of August 31, 2019, \$0- of the College's bank balances of \$2,806,969 were exposed to custodial risk.

**Participation in External Investment Pools**

As of August 31, 2019, the carrying amount of amounts invested in investment pools was \$12,155,157. Investment pools are recorded at cost, which approximated market value at August 31, 2019. All investment pools are uninsured and are not registered with the Securities and Exchange Commission. Investment pools are not subject to custodial credit risk as they are not evidenced by securities that exist in physical or book entry form.

The College's investment in investment pools is TexPool Participant Services. TexPool Participant Services' regulatory oversight agent is the Texas Treasury Safekeeping Trust Company and their credit risk rating is AAAM. Their financial reports may be obtained by writing Federated Investment Management Company, 1001 Texas Avenue, Suite 1400, Houston, TX 77002.

**NOTE 5 - FAIR VALUE MEASUREMENTS**

The College follows Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) Topic 820, *Fair Value Measurements and Disclosures*, as guidance on fair value measurements. The standard establishes a three-level valuation hierarchy for disclosure based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. The hierarchy gives the highest priority to quoted prices in active markets for

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)**

identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). An asset's fair value measurement level within the hierarchy is based on the lowest level of input that is significant to the valuation.

The three levels are defined as follows:

- Level 1 – Quoted prices for identical assets or liabilities in active markets.
- Level 2 – Observable inputs other than Level 1 prices, such as quoted prices for similar assets or liabilities, quoted prices in markets that are not active, or other inputs that are observable or can be corroborated by observable market data for substantially the full term of the assets or liabilities.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets or liabilities.

The College uses appropriate valuation techniques based on the available inputs to measure the fair value of its investments. When available, the College measures fair value using Level 1 inputs because they generally provide the most reliable evidence of fair value. Level 3 inputs were used only when Level 1 or Level 2 inputs were not available.

**Assets Measured at Fair Value on a Recurring Basis**

	<u>Fair Value</u>	<u>Fair Value Measurements Using:</u>		
		<u>Quoted Prices In Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
<b>August 31, 2019:</b>				
Money market mutual funds	\$ 271,193	\$ 271,193	\$ -	\$ -
CDARS and certificates of deposit	20,115,015	-	20,115,015	-
Mutual funds	<u>10,259,971</u>	<u>10,259,971</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 30,646,179</u>	<u>\$ 10,531,164</u>	<u>\$ 20,115,015</u>	<u>\$ -</u>
<b>August 31, 2018:</b>				
Money market mutual funds	\$ 317,433	\$ 317,433	\$ -	\$ -
CDARS and certificates of deposit	22,614,088	-	22,614,088	-
Mutual funds	<u>10,124,623</u>	<u>10,124,623</u>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>\$ 33,056,144</u>	<u>\$ 10,442,056</u>	<u>\$ 22,614,088</u>	<u>\$ -</u>

For the valuation of money market funds, TexPool Investments and mutual funds, at August 31, 2019 and 2018, the College used quoted prices in principal active markets for identical assets as of the valuation date (Level 1).

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 5 - FAIR VALUE MEASUREMENTS (CONTINUED)**

**Assets Measured at Fair Value on a Recurring Basis (Continued)**

For the valuation of CDARS and certificates of deposit at August 31, 2019 and 2018, the College used significant other observable inputs as of the valuation date, particularly dealer market price for comparable investments as of the valuation date (Level 2).

A summary of investments classified according to any restrictions at August 31, 2019 and 2018 is as follows:

	<u>2019</u>	<u>2018</u>
Unrestricted investments	\$ <u>17,681,900</u>	\$ <u>20,215,267</u>
Restricted investments:		
Temporarily restricted	10,464,279	10,340,877
Permanently restricted	<u>2,500,000</u>	<u>2,500,000</u>
Total restricted investments	<u>12,964,279</u>	<u>12,840,877</u>
<b>Total investments</b>	<b><u>\$ 30,646,179</u></b>	<b><u>\$ 33,056,144</u></b>

There were no fair values of assets and liabilities measured on a nonrecurring basis at August 31, 2019 and 2018.

**NOTE 6 - CAPITAL ASSETS**

Capital assets activity for the year ended August 31, 2019, was as follows:

	<u>Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u>
	<u>September 1, 2018</u>			<u>August 31, 2019</u>
Not depreciated:				
Land	\$ 5,335,103	\$ -	\$ -	\$ 5,335,103
Construction in progress	440,970	2,173,105	691,300	1,922,775
Assets held pending sale	<u>62,692</u>	<u>-</u>	<u>62,692</u>	<u>-</u>
Total not depreciated	<u>5,838,765</u>	<u>2,173,105</u>	<u>753,992</u>	<u>7,257,878</u>
Other capital assets:				
Buildings and building improvements	160,991,802	691,300	-	161,683,102
Other real estate improvements	<u>9,288,982</u>	<u>-</u>	<u>-</u>	<u>9,288,982</u>
Total buildings and other real estate improvements	<u>170,280,784</u>	<u>691,300</u>	<u>-</u>	<u>170,972,084</u>
Library books	1,119,060	31,184	367,430	782,814
Furniture, machinery, vehicles and other equipment	<u>34,894,742</u>	<u>1,221,945</u>	<u>1,005,362</u>	<u>35,111,325</u>
Total other capital assets	<u>206,294,586</u>	<u>1,944,429</u>	<u>1,372,792</u>	<u>206,866,223</u>

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance</u> <u>September 1, 2018</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2019</u>
Accumulated depreciation:				
Buildings and building improvements	51,805,689	3,258,390	-	55,064,079
Other real estate improvements	<u>3,758,146</u>	<u>551,394</u>	-	<u>4,309,540</u>
Total buildings and other real estate improvements	<u>55,563,835</u>	<u>3,809,784</u>	-	<u>59,373,619</u>
Library books	1,013,453	17,510	367,429	663,534
Furniture, machinery, vehicles and other equipment	<u>28,871,106</u>	<u>1,865,580</u>	<u>956,657</u>	<u>29,780,029</u>
Total accumulated depreciation	<u>85,448,394</u>	<u>5,692,874</u>	<u>1,324,086</u>	<u>89,817,182</u>
Net other capital assets	<u>120,846,192</u>			<u>117,049,041</u>
<b>Net capital assets</b>	<u><u>\$ 126,684,957</u></u>			<u><u>\$ 124,306,919</u></u>

The College entered into construction contracts during the year. The total current commitments are \$156,516 at August 31, 2019. Capital assets include gross assets acquired under capital leases of \$120,143 as of August 31, 2019. Related amortization included in accumulated depreciation was \$2,291. Capital leases are included as a component of furniture, machinery, vehicles, and other equipment. Amortization of assets under capital leases is included in depreciation expense.

Capital assets activity for the year ended August 31, 2018, was as follows:

	<u>Balance</u> <u>September 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2018</u>
Not depreciated:				
Land	\$ 5,397,795	\$ -	\$ 62,692	\$ 5,335,103
Construction in progress	97,317	440,970	97,317	440,970
Assets held pending sale	<u>-</u>	<u>62,692</u>	-	<u>62,692</u>
Total not depreciated	<u>5,495,112</u>	<u>503,662</u>	<u>160,009</u>	<u>5,838,765</u>
Other capital assets:				
Buildings and building improvements	158,963,312	2,210,693	182,203	160,991,802
Other real estate improvements	<u>7,444,788</u>	<u>1,844,194</u>	-	<u>9,288,982</u>
Total buildings and other real estate improvements	<u>166,408,100</u>	<u>4,054,887</u>	<u>182,203</u>	<u>170,280,784</u>
Library books	1,120,601	44,639	46,180	1,119,060
Furniture, machinery, vehicles and other equipment	<u>35,421,578</u>	<u>1,672,528</u>	<u>2,199,364</u>	<u>34,894,742</u>
Total other capital assets	<u>202,950,279</u>	<u>5,772,054</u>	<u>2,427,747</u>	<u>206,294,586</u>

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 6 - CAPITAL ASSETS (CONTINUED)**

	<u>Balance</u> <u>September 1, 2017</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance</u> <u>August 31, 2018</u>
Accumulated depreciation:				
Buildings and building improvements	48,674,999	3,218,179	87,489	51,805,689
Other real estate improvements	3,289,423	468,723	-	3,758,146
Total buildings and other real estate improvements	<u>51,964,422</u>	<u>3,686,902</u>	<u>87,489</u>	<u>55,563,835</u>
Library books	1,041,486	18,147	46,180	1,013,453
Furniture, machinery, vehicles and other equipment	27,065,744	2,143,957	338,595	28,871,106
Total accumulated depreciation	<u>80,071,652</u>	<u>5,849,006</u>	<u>472,264</u>	<u>85,448,394</u>
Net other capital assets	<u>122,878,627</u>			<u>120,846,192</u>
<b>Net capital assets</b>	<u><u>\$ 128,373,739</u></u>			<u><u>\$ 126,684,957</u></u>

**NOTE 7 - NONCURRENT LIABILITIES**

Noncurrent liability activity for the year ended August 31, 2019, was as follows:

	<u>Balance</u> <u>September 1, 2018</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>August 31, 2019</u>	<u>Due Within</u> <u>One Year</u>
Bonds					
General obligation bonds	\$ 55,735,000	\$ -	\$ 3,380,000	\$ 52,355,000	\$ 3,775,000
Revenue bonds	3,365,000	-	205,000	3,160,000	210,000
Subtotal	59,100,000	-	3,585,000	55,515,000	3,985,000
Accrued compensable absences	1,187,434	110,874	2,128	1,296,180	442,794
Deposits	152,281	46,651	41,301	157,631	-
Capital lease payable	23,708	109,236	23,708	109,236	30,699
Loans payable	1,500,000	-	585,433	914,567	500,000
Unamortized debt premium	2,710,032	-	259,594	2,450,438	-
Net pension liability	10,237,600	9,675,673	1,148,458	18,764,815	-
Net OPEB liability	71,519,923	4,627,794	22,984,460	53,163,257	-
	<u>\$ 146,430,978</u>	<u>\$ 14,570,228</u>	<u>\$ 28,630,082</u>	132,371,124	<u>\$ 4,958,493</u>
Current portion				(4,958,493)	
<b>Noncurrent liabilities</b>				<u><u>\$ 127,412,631</u></u>	

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 7 - NONCURRENT LIABILITIES (CONTINUED)**

Noncurrent liability activity for the year ended August 31, 2018, was as follows:

	Balance September 1, 2017 (restated)	Additions	Deductions	Balance August 31, 2018	Due Within One Year
Bonds					
General obligation bonds	\$ 58,905,000	\$ -	\$ 3,170,000	\$ 55,735,000	\$ 3,380,000
Revenue bonds	3,560,000	-	195,000	3,365,000	205,000
Subtotal	62,465,000	-	3,365,000	59,100,000	3,585,000
Accrued compensable absences	1,075,361	112,073	-	1,187,434	418,222
Deposits	142,275	49,328	39,322	152,281	
Capital lease payable	46,581	-	22,873	23,708	23,708
Loans payable	-	1,500,000	-	1,500,000	500,000
Unamortized debt premium	2,969,627	-	259,595	2,710,032	-
Net pension liability	13,430,302	2,025	3,194,727	10,237,600	-
Net OPEB liability	85,451,100	3,828,332	17,759,509	71,519,923	-
	<u>\$ 165,580,246</u>	<u>\$ 5,491,758</u>	<u>\$ 24,641,026</u>	146,430,978	<u>\$ 4,526,930</u>
Current portion				(4,526,930)	
<b>Noncurrent liabilities</b>				<u>\$ 141,904,048</u>	

**NOTE 8 - DEBT OBLIGATIONS**

Debt service requirements at August 31, 2019, were as follows (amounts in 000's):

For the Year Ended	General Obligation Bonds		Revenue Bonds		Total Bonds		
	August 31,	Principal	Interest	Principal	Interest	Principal	Interest
2020		\$ 3,775	\$ 1,816	\$ 210	\$ 126	\$ 3,985	\$ 1,942
2021		4,110	1,669	220	118	4,330	1,787
2022		4,410	1,513	230	109	4,640	1,622
2023		4,575	1,339	235	100	4,810	1,439
2024		4,855	1,164	245	91	5,100	1,255
2025-2029		25,350	3,023	1,385	298	26,735	3,321
2030-2034		5,280	218	635	38	5,915	256
<b>Total</b>		<u>\$ 52,355</u>	<u>\$ 10,742</u>	<u>\$ 3,160</u>	<u>\$ 880</u>	<u>\$ 55,515</u>	<u>\$ 11,622</u>

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 8 - DEBT OBLIGATIONS (COTINUED)**

**Capital Leases**

Obligations under capital leases at August 31, 2019, were as follows:

<b>For the Year Ended <u>August 31,</u></b>	<b><u>Total</u></b>
2020	\$ 30,699
2021	30,699
2022	30,699
2023	<u>28,046</u>
Total minimum lease payments	120,143
Less: Amount representing interests costs	<u>(10,907)</u>
<b>Present Value of minimum lease payment</b>	<b><u>\$ 109,236</u></b>

**Operating Lease**

The College leases a building from a not-for-profit organization for \$1 a year for 36 months. The College is required to use this building to provide child care services. The lease was effective March 1, 2017 and expires February 29, 2020.

**NOTE 9 - NOTES PAYABLE**

The College received a U.S. Department of Education Grant to fund a new building. The Title III Hispanic-Serving Institution (HSI) STEM Grant is funding the construction of a Greenhouse. Due to federal regulations and requirements, the College is not allowed to fund these projects up front and seek reimbursement for future years from the federal funding source. Therefore, a bank loan was required to complete the building project. The bank loan (including principal and interest) is being paid from federal grant sources and not by the College institutional funds.

Note payable for Title III HSI STEM Grant Contract

- Note will be used to pay for construction.
- Note is due in annual installments of \$500,000, plus interest with a rate of 3.65% , due May 11, 2021.

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 9 - NOTES PAYABLE (CONTINUED)**

Debt service requirements at August 31, 2019, are as follows:

<b>For the Year Ended August 31,</b>	<b>Title III HSI STEM Note</b>	
	<b><u>Principal</u></b>	<b><u>Interest</u></b>
2020	\$ 500,000	\$ 33,382
2021	<u>414,567</u>	<u>15,132</u>
Total	<u>\$ 914,567</u>	<u>\$ 48,154</u>

**NOTE 10 - BONDS PAYABLE**

General information related to bonds payable is summarized below:

Combined Fee Revenue Bonds, Series 2011

- To renovate and expand the Moore County Campus.
- Issued October 25, 2011.
- \$4,470,000 originally issued; all authorized bonds have been issued.
- Source of revenue for debt service - Certain pledged revenues consisting primarily of a portion of tuition charges and other fees. Outstanding balance at August 31, 2019 and 2018, \$3,160,000 and \$3,365,000, respectively.
- The bonds are due in annual installments varying from \$335,000 to \$339,600, including interest at 4.0%, with the final installment due in 2031.

General Obligation Bonds, Series 2009

- General Obligation Bonds, Series 2009 will be used to construct and equip new buildings and renovate existing facilities. Refunding of bonds in September 2016 moved \$11,745,000 to Series 2016 General Obligation Bonds.
- Issued June 15, 2009 – 2nd Issue.
- \$16,000,000 second issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service - Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2019 and 2018: \$-0- and \$920,000, respectively. This was paid in full in 2019.
- The bonds had a final installment of \$938,400, including interest with an interest rate of 4.00%, paid in February 2019.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 10 - BONDS PAYABLE (CONTINUED)**

General Obligation Improvement and Refunding Bonds, Series 2010

- General Obligation Improvement and Refunding Bonds, Series 2010, will be used to construct and equip new buildings and renovate existing facilities and refund the outstanding balance of the General Obligation Refunding Bonds, Series 2005.
- Issued June 15, 2010 – 3rd issue.
- \$21,135,000 originally issued, of which \$5,135,000 was the Refunding of the General Obligation Refunding Bonds, Series 2005 and \$16,000,000 was the third issue of the \$68,305,000 authorized in fiscal year 2008.
- Average interest rate of bonds refunded: 3.96%.
- Net proceeds from series: \$21,423,938, net of cost of issuance of \$99,250, of which \$5,340,062 was used in the refunding of the General Obligation Refunding Bonds, Series 2005.
- Source of revenue for debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2019 and 2018: \$14,565,000 and \$15,110,000, respectively.
- The bonds are due in annual installments varying from \$1,343,069 to \$1,693,300, including interest with interest rates from 4.0% to 4.25%, with the final installment due in 2030.

General Obligation Bonds, Series 2012

- General Obligation Improvement and Refunding Bonds, Series 2012, will be used to construct and equip new buildings and renovate existing facilities.
- Issued May 15, 2012 – 4th issue
- \$14,305,000 fourth and final issue of the \$68,305,000 authorized in fiscal year 2008.
- Source of revenue for debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2019 and 2018: \$12,990,000 and \$13,670,000, respectively.
- The bonds are due in annual installments varying from \$1,183,513 to \$1,276,178, including interest with interest rates from 3.0% to 4.0%, with the final installment due in 2032.

General Obligation Bonds, Series 2015

- Limited Tax Refunding Bonds, Series 2015, used to refund part of General Obligations Bonds Series 2008.
- Issued July 2, 2015
- Average Interest rate of bonds: 4.022%

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 10 - BONDS PAYABLE (CONTINUED)**

- Proceeds from Series 2015: \$9,946,064 received, less cost of issuance of \$171,193, of which the remainder, \$9,774,871, was used in refunding part the General Obligations Bonds Series 2008.
- Source of revenue for the debt service – Ad valorem tax levied by the District on taxable property. Outstanding balance at August 31, 2019 and 2018: \$8,520,000, respectively.
- The bonds are due in annual installments varying from \$343,450 to \$1,779,800, including interest with the interest rates from 4.00% to 4.50%, with the final installment due in 2028.

On July 2, 2015, Amarillo Junior College District issued general obligation bonds in the amount of \$8,665,000 with an interest rate from 2.00% to 4.50% to advance refund term bonds with an interest rate from 4.00% to 5.00% and a par value of \$8,665,000. The term bonds mature on February 15, 2028, and are callable on February 15, 2025. The general obligation bonds were issued at par and, after paying issuance costs of \$171,193 and including the reoffering premium of \$1,281,064, the net proceeds were \$9,774,871. The net proceeds from the issuance of the general obligations bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on February 15, 2018. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the District's financial statements. The defeased bonds were paid off during 2018.

As a result of the advance refunding, the District reduced its total debt service requirements by \$1,190,831, which resulted in an economic gain of \$1,008,316 and an accounting gain of \$1,011,941.

**General Obligation Bonds, Series 2016**

- Limited Tax Refunding Bonds, Series 2016, used to refund a portion of the General Obligations Bond Series 2008 and the General Obligation Bonds Series 2009.
- Issued September 1, 2016
- Average Interest rate of bonds: 3.1211%
- Proceeds from Series: \$19,321,621 received, less cost of insurance of \$148,080, of which the remainder, \$19,173,541, was used in refunding part of the General Obligations Bonds Series 2008 and 2009.
- Source of revenue for the debt service – Ad Valorem tax levied by the District. Outstanding balance at August 31, 2019 and 2018 was \$16,280,000 and \$17,515,000, respectively.
- The bonds are due in annual installments varying from \$1,344,131 to \$2,720,713 including interest with the interest rates from 2.00% to 4.00%, with the final installment due in 2029.

On September 1, 2016, Amarillo Junior College District issued general obligation bonds in the amount of \$17,720,000 with an interest rate from 2.00% to 4.00% to advance refund term bonds

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 10 - BONDS PAYABLE (CONTINUED)**

with an interest rate from 4.05% to 5.00% and a par value of \$17,720,000. The term bonds mature on February 15, 2029 and are callable on February 15, 2026. The general obligation bonds were issued at par and, after paying issuance costs of \$148,080 and including the reoffering premium of \$1,601,621, the net proceeds were \$19,173,541. The net proceeds from the issuance of the general obligations bonds were used to purchase U.S. government securities, and those securities were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on February 15, 2018 for 2008 series and February 15, 2019 for 2009 series. The advance refunding met the requirements of an in-substance debt defeasance, and the term bonds were removed from the District's financial statements. The defeased bonds were paid off during 2019.

As a result of the advance refunding, the District reduced its total debt service requirements by \$1,997,289, which resulted in an economic gain of \$1,936,084 and an accounting gain of \$1,777,734.

**Total Interest Expense**

For the years ending August 31, 2019 and 2018, total interest expense was \$2,095,094 and \$2,234,800, respectively.

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS**

**Plan Description**

The College participates in a cost-sharing, multiple-employer defined benefit pension plan (the Plan) that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). It is a defined benefit pension plan established and administered in accordance with the Texas Constitution, Article XVI, Section 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust under Section 401(a) of the Internal Revenue Code (IRC). The Texas Legislature establishes benefits and contribution rates within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefits.

All employees of public, state-supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code, Title 8, Section 822.002 are covered by the system.

**Pension Plan Fiduciary Net Position**

Detailed information about the Teacher Retirement System's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/TRS%20Documents/CAFR.2018.pdf>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Benefits Provided**

TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, whose formulas use the three highest annual salaries. The normal service retirement is at age 65 with 5 years of service credit or when the sum of the member's age and years of credited service equals 80 or more years.

Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic postemployment benefit changes, including automatic cost of living adjustments (COLAs). Ad hoc postemployment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**Contributions**

Contribution requirements are established or amended pursuant to Article XVI, Section 67 of the Texas Constitution which requires the Texas Legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code Section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. The Texas Legislature, General Appropriations Act (GAA) establishes the employer contribution rates for fiscal years 2018 and 2019. Contribution amounts are as follows:

	<b><u>Contributions Required and Made</u></b>
2019 Member (Employee) Contributions	\$ 2,160,351
2019 College (Employer) Contributions	1,160,042
2018 Non-employer contributing agency (State)	715,223

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Contributions** (Continued)

Contribution rates for Plan fiscal years (September to August) 2018 and 2019 follow:

	<b>Contribution Rates</b>	
	<b><u>Plan Fiscal Year</u></b>	
	<b><u>2018</u></b>	<b><u>2019</u></b>
Member	7.7%	7.7%
Non-Employer Contributing Entity	6.8%	6.8%
Employer	6.8%	6.8%

Contributors to the plan include members, employers, and the State of Texas as the only non-employer contributing entity.

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers, including junior colleges, are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.
- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, when employing a retiree of the TRS, the employer shall pay both the member contribution and the state contribution as an employment-after-retirement surcharge.

**Actuarial Assumptions**

The actuarial methods and assumptions are based primarily on a study of actual experience for the period ending August 31, 2017 and adopted on July 27, 2018.

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Actuarial Assumptions** (Continued)

The total pension liability in the August 31, 2018 actuarial valuation, was determined using the following actuarial assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market Value
Actuarial assumptions:	
Single discount rate	6.907%
Long-term expected investment rate of return	7.25%
Municipal bond rate*	3.69%*
Last year ending August 31 in the 2016 to 2115 projection period (100 years)	2116
Inflation	2.30%
Salary increases including inflation	3.05% to 9.05%
Ad hoc postemployment benefit changes	None

\* Source: Fixed Income Municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-Year Municipal GO AA Index."

**Changes Since the Prior Actuarial Valuation**

The actuarial methods and assumptions were selected by the board of trustees based upon analysis and recommendations by the system's actuary. The board of trustees has sole authority to determine the actuarial assumptions used for the plan. The actuarial methods and assumptions were primarily based on a study of actual experience for the three-year period ending August 31, 2017 and were adopted July 2018. Assumptions, methods, and plan changes were updated from the prior year's report. The net pension liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions:

- The total pension liability as of August 31, 2018 was developed using roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rate, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Changes Since the Prior Actuarial Valuation (Continued)**

- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

There were no changes on benefit terms that affected measurement of the total pension liability during the measurement period.

**Discount Rate**

The discount rate used to measure the total pension liability was 6.907%, a decrease of 1.1% from prior year. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from Plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on these assumptions, the pension plan's fiduciary net position and future contributions were sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through 2069 and the municipal bond rate was applied to all benefit payments after that date. The long-term rate of return on pension plan investments is 7.25%. The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018, are summarized below:

<u>Asset Class</u>	<u>Target Allocation</u> *	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return</u> **
<b>Global Equity</b>			
U.S.	18.0%	5.70%	1.04%
Non-U.S. developed	13.0%	6.90%	0.90%
Emerging markets	9.0%	8.95%	0.80%
Directional hedge funds	4.0%	3.53%	0.14%
Private equity	13.0%	10.18%	1.32%
<b>Stable Value</b>			
U.S. treasuries	11.0%	1.11%	0.12%
Absolute return	0.0%	0.00%	0.00%
Stable value hedge funds	4.0%	3.09%	0.12%
Cash	1.0%	-0.30%	0.00%

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Discount Rate (Continued)**

<u>Asset Class</u>	<u>Target Allocation*</u>	<u>Real Return Geometric Basis</u>	<u>Long-Term Expected Portfolio Real Rate of Return**</u>
<b>Real Return</b>			
Global inflation linked bonds	3.0%	0.70%	0.02%
Real assets	14.0%	5.21%	0.73%
Energy and natural resources	5.0%	7.48%	0.37%
Commodities	0.0%	0.00%	0.00%
<b>Risk Parity</b>			
Risk parity	5.0%	3.70%	0.18%
Inflation Expectations			2.30%
Alpha	_____		<u>-0.79%</u>
<b>Total</b>	<u>100.0%</u>		<u>7.25%</u>

\* Target allocations are based on FY 2016 policy model.

\*\* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns.

**Sensitivity of the College's Share of the Net Pension Liability**

The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability:

	<u>1% Decrease in Discount Rate</u> <u>5.907%</u>	<u>Current Discount Rate</u> <u>6.907%</u>	<u>1% Increase in Discount Rate</u> <u>7.907%</u>
College's proportionate share of the net pension liability	\$ 28,320,606	\$ 18,764,815	\$ 11,028,836

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At August 31, 2019, the College reported a liability of \$18,764,815 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the College. The amount recognized by the College as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the College were as follows:

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

College's proportionate share of the net pension liability	\$ 18,764,815
State's proportionate share of the net pension liability associated with the College	<u>11,693,410</u>
<b>Total</b>	<b><u>\$ 30,458,225</u></b>

The net pension liability was measured as of August 31, 2018, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The College's proportion of the net pension liability was based on the College's contributions to the pension plan relative to the contributions of all participating entities to the Plan for the period September 1, 2017, through August 31, 2018.

At August 31, 2018, the College's proportion of the collective net pension liability was 0.0340915479%, which is an increase of 0.0020736453% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized pension expense of \$1,872,171 and revenue of \$1,157,336 for support provided by the State.

At August 31, 2019, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 116,964	\$ 460,414
Changes of assumptions	6,765,620	211,426
Net difference between projected and actual earnings on pension plan investments	-	356,049
Changes in proportion and differences between College contributions and proportionate share of contributions	1,034,359	2,209,866
College contributions subsequent to the measurement date	<u>1,160,042</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 9,076,985</u></b>	<b><u>\$ 3,237,755</u></b>

At August 31, 2018, the College reported its proportionate share of the TRS's deferred outflows or resources and deferred inflows of resources related to pensions from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experience	\$ 149,781	\$ 552,100

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Changes of assumptions	466,339	266,968
Net difference between projected and actual earnings on pension plan investments	-	746,094
Changes in proportion and differences between College contributions and proportionate share of contributions	570,079	2,748,360
College contributions subsequent to the measurement date	<u>1,154,173</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 2,340,372</u></b>	<b><u>\$ 4,313,522</u></b>

The \$1,160,042 and \$1,154,173 reported as deferred outflows of resources related to pensions resulting from College contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the years ended August 31, 2020 and 2019, respectively. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

**Year ended August 31,**

2020	\$ 1,213,770
2021	464,506
2022	285,274
2023	810,155
2024	1,092,584
Thereafter	<u>812,899</u>
<b>Total</b>	<b><u>\$ 4,679,188</u></b>

**Optional Retirement Plan – Defined Contribution Plan**

*Plan Description.* Participation in the Optional Retirement Program (ORP) is in lieu of participation in the TRS. The optional retirement program provides for the purchase of annuity contracts and operates under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C.

*Funding Policy.* Contribution requirements are not actuarially determined, but are established and amended by the Texas State Legislature. The percentage of participant salaries currently contributed by the state is 6.6% for fiscal years 2019 and 2018. The participant contribution rate is 6.65% for both 2019 and 2018. The College contributes 1.31% for employees who were participating in the optional retirement program prior to September 1, 1995. Benefits fully vest after one year plus one day of employment.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 11 - EMPLOYEES' RETIREMENT PLANS (CONTINUED)**

**Optional Retirement Plan – Defined Contribution Plan (Continued)**

Because these are individual annuity contracts, the state has no additional or unfunded liability for this program. S.B. 1812, effective September 1, 2013, limits the amounts of the state's contribution to 50% of eligible employees in the reporting district.

The ORP expense to the state for the College was \$239,657, \$244,507, and \$205,009, for the fiscal years ended August 31, 2019, 2018, and 2017, respectively. This amount represents the portion of expended appropriations made by the state legislature on behalf of the College.

The total payroll of employees covered by the ORP was \$7,351,531, \$7,598,734, and \$7,051,864 for fiscal years 2019, 2018, and 2017, respectively.

**College-Sponsored Benefit Plans**

The College has a voluntary employee defined contribution 403(b) plan administered by the Plan's trustee. The Plan is funded by matching employee and employer contributions of 6.65% of employee compensation. Plan funds are held in trust and are administered by the College's Vice-President of Business Affairs with oversight by the Board of Regents. The Plan was amended during the year ended August 31, 2016 to allow for loans against the participants' investments and to allow for participant directed investing. Full-time employees and certain part-time employees are eligible to participate and are fully vested at all times. At August 31, 2019, 2018, and 2017, there were 922, 953, and 916, respectively, plan participants. The related expense was \$1,937,967, \$2,037,912, and \$1,565,122 for the years ended August 31, 2019, 2018, and 2017, respectively.

The College sponsors the Amarillo College Benefit Plan (the Plan) which provides disability and survivorship benefits. The Plan is a non-trusted benefit program and currently has \$5,263,545 in assets with a liability of \$5,263,545 recorded in Funds Held for Others. The College's contributions to the Plan for August 31, 2019, 2018, and 2017 were \$218,613, \$217,592, and \$198,875.

Part-time employees that are not covered by the defined contribution employee benefit plan are covered by a plan established pursuant to IRC Section 457. As a result of the passage of the Small Business Job Protection Act of 1996, beginning January 1, 1999, part-time plan funds are held by a third party custodian in individual trust accounts for the exclusive benefit of the participants. Investments are directed by the investment manager of the plan. The College is responsible for selecting the investment manager. The related expense was \$140,362, \$138,012, and \$138,796, for the years ended August 31, 2019, 2018, and 2017, respectively.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 12 - DEFERRED COMPENSATION PROGRAM**

College employees may elect to defer a portion of their earnings for income tax and investment purposes pursuant to authority granted in Government Code 609.001.

**NOTE 13 - COMPENSABLE ABSENCES**

Full-time employees earn annual leave from eight to twelve hours per month depending on the number of years employed with the College. The College's policy is that an employee may carry his accrued leave forward from one fiscal year to another fiscal year with a maximum number of hours up to 160 for those employees with five or less years of service, up to 200 hours for those employees with more than five years but under ten years of service, and up to 240 hours for those employees with more than ten years of service. Employees with at least six months of service who terminate their employment are entitled to payment for all accumulated annual leave up to the maximum allowed. The College recognized the accrued liability for the unpaid annual leave in the amount of \$1,296,180 and \$1,187,434 as of August 31, 2019 and 2018, respectively. Sick leave, which can be accumulated up to 120 days, is earned at the rate of eight hours per month; however, sick leave is not paid at termination. The College's policy is to recognize the cost of sick leave when utilized by employees.

**NOTE 14 - ENDOWMENTS**

KACV-TV (the Station) is part of and is operated by the College. In 1999, the Station received \$1,000,000 from the Sybil B. Harrington Living Trust (Harrington Trust) which was specified as an endowment. In 2005, the Station received an additional \$500,000 gift from an anonymous donor that was to be held as an endowment. The College also received a \$1,000,000 endowment from the Harrington Trust for the Harrington Library Consortium (HLC). Appreciation on the Stations fund is approximately \$1,700,000 and can be spent on operating expenses of the Station. The appreciation on the HLC funds is spent annually for expenses related to HLC. The appreciation is approximately \$53,000. The Stations appreciated value is shown in net position as Expendable: Other primary donor restrictions. HLC's appreciated is shown as Funds Held for Others.

**NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS**

The College participates in various state and federal grant programs, which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies. In the opinion of the College's management, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying financial statements for such contingencies. Additionally, the College's students participate in the Federal Direct Loan Program for which the proceeds are used for tuition and education-related costs. Regulations require that default rates pertaining to

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 15 - COMMITMENTS, CONTINGENCIES AND LAWSUITS (CONTINUED)**

loans to persons attending the College not exceed certain levels at the College. In the event that specific levels were exceeded, the program could be discontinued at the College; however, the College does not anticipate this occurring. The total amount of Direct Loans made during 2019 and 2018 was \$11,080,485 and \$12,246,820, respectively.

In August 2017, the College committed to participate in the expansion of the ACE mission by establishing and participating in the ACE Amarillo Scholarship Fund to be maintained at the Amarillo Area Foundation for the benefit of Amarillo Independent School District high school graduates. The College will participate in the funding of this project with three other partners. Contributions from the College should not exceed \$3,500,000 and will be made over a six-year period.

On August 31, 2019, various claims involving the College were pending. While the ultimate liability with respect to litigation and other claims asserted against the College cannot be reasonably estimated at this time, this liability, if any, to the extent not provided for by insurance or otherwise, is not likely to have a material effect on the College.

**NOTE 16 - DISAGGREGATION OF RECEIVABLES AND PAYABLES BALANCES**

**Accounts Receivable**

Accounts receivable at August 31, 2019 and 2018 were as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Student receivables	\$ 6,482,466	\$ 6,972,716
Taxes receivable	912,967	802,006
Government grants and contracts	9,068,419	1,634,493
Other receivables	<u>888,654</u>	<u>755,276</u>
Total accounts receivable	17,352,506	10,164,491
Allowance for doubtful accounts	<u>(383,275)</u>	<u>(538,696)</u>
<b>Total accounts receivable, net</b>	<b><u>\$ 16,969,231</u></b>	<b><u>\$ 9,625,795</u></b>

**Accounts Payable**

Accounts payable at August 31, 2019 and 2018, were as follows:

	<b><u>2019</u></b>	<b><u>2018</u></b>
Vendors payable	\$ 507,861	\$ 470,228
Salaries and benefits payable	810,945	702,866
Interest payable	<u>46,678</u>	<u>29,664</u>
<b>Total accounts payable</b>	<b><u>\$ 1,365,484</u></b>	<b><u>\$ 1,202,758</u></b>

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 17 - CONTRACT AND GRANT AWARDS**

Contract and grant awards are accounted for in accordance with the requirements of the American Institute of Certified Public Accountants (AICPA) Industry Audit Guide, *Audits of Colleges and Universities*. Revenues are recognized on Exhibit 2, Schedule A, and Schedule C.

For federal and nonfederal contract and grant awards, funds expended, but not collected, are reported as accounts receivable on Exhibit 1. For federal and nonfederal contract and grant awards, funds received, but not yet expended, are reported as deferred revenue on Exhibit 1. Contract and grant awards that are not yet funded and for which the institution has not yet performed services are not included in the financial statements. Contract and grant awards funds already committed, e.g., multi-year awards, or funds awarded during fiscal years 2019 and 2018 for which monies have not been received nor funds expended, totaled \$7,288,922 and \$7,871,834, respectively. Of these amounts, \$2,406,764 and \$2,590,514 were from federal contracts and grant awards, \$3,549,048 and \$4,079,568 were from state contract and grant awards, and \$1,333,110 and \$1,201,752 were from private contract and grant awards for the fiscal years ended 2019 and 2018, respectively.

**NOTE 18 - SELF-INSURED PLANS**

The College does not participate in public entity risk pools. Claims and judgments are accounted for in accordance with GASB Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*. Property and casualty risks are insured through insurance contracts. Workers' compensation risks are substantially covered by insurance. Health claims are fully covered by the state of Texas.

**NOTE 19 - HEALTH CARE AND LIFE INSURANCE BENEFITS**

Certain healthcare and life insurance benefits for active employees are provided through an insurance company whose premiums are based on benefits paid during the previous year. The state recognizes the cost of providing these benefits by expending the annual insurance premiums. The state's contribution per full-time employee was approximately \$625 per month for the year ended August 31, 2019, (\$622 per month for the year ended August 31, 2018) and totaled \$4,084,204 for the year ended August 31, 2019, (\$3,906,122 for the year ended August 31, 2018). The cost of providing those benefits for retirees in the year ended 2019 was \$1,760,295 (retiree benefits for retirees cost \$1,745,845 in 2018). For active employees, the cost of providing benefits was \$2,323,909 for the year ended 2019 (active employee benefits for employees cost \$2,160,277 for the year ended 2018).

Beginning September 1, 2013, S.B. 1812 limited the state's contribution to 50% of eligible employees for community colleges.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN**

**Plan Description**

The College participates in a cost-sharing, multiple employer, other post-employment benefit (OPEB) plan with a special funding situation. The Texas Employees Group Benefits Program (GBP) is administered by the Employees Retirement System of Texas (ERS). The GBP provides certain postemployment health care, life and dental insurance benefits to retired employees of participating universities, community colleges, and State agencies in accordance with Chapter 1551, Texas Insurance Code. Almost all employees may become eligible for those benefits if they reach normal retirement age while working for the State and retire with at least 10 years of service to eligible entities. Surviving spouses and dependents of these retirees are also covered. Benefit and contribution provisions of the GBP are authorized by State law and may be amended by the Texas Legislature.

**OPEB Plan Fiduciary Net Position**

Detailed information about the GBP's fiduciary net position is available in the separately issued ERS Comprehensive Annual Financial Report (CAFR) that includes financial statements, notes to the financial statements, notes to the financial statements and required supplementary information. That report may be obtained on the Internet at <https://ers.texas.gov/About-ERS/Reports-and-Studies/Reports-on-Overall-ERS-Operations-and-Financial-Management>; or by writing to ERS at: 200 East 18<sup>th</sup> Street, Austin, TX 78701; or by calling (877)275-4377.

**Benefits Provided**

Retiree health benefits offered through the GBP are available to most State of Texas retirees and their eligible dependents. Participants need at least ten years of service credit with an agency or institution that participates in the GBP to be eligible for GBP retiree insurance. The GBP provides self-funded group health (medical and prescription drug) benefits for eligible retirees under HealthSelect. The GBP also provides a fully insured medical benefit option for Medicare-primary participants under the HealthSelect Medicare Advantage Plan and life insurance benefits to eligible retirees via a minimum premium funding arrangement. The authority under which the obligations of the plan members and employers are established and/or may be amended is Chapter 1551, Texas Insurance Code.

**Contributions**

Section 1551.055 of Chapter 1551, Texas Insurance Code, provides that contribution requirements of the plan members and the participating employers are established and may be amended by the ERS Board of Trustees. The employer and member contribution rates are determined annually by the ERS Board of Trustees based on the recommendations of ERS staff and its consulting actuary. The contribution rates are determined based on (i) the benefit and administrative costs expected to be incurred, (ii) the funds appropriated and (iii) the funding policy established by the Texas Legislature in connection with benefits provided through the GBP. The Trustees revise benefits when necessary to match expected benefit and administrative costs with the revenue expected to be generated by the appropriated funds.

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**Contributions** (Continued)

The following table summarizes the maximum monthly employer contribution toward eligible retirees' health and basic life premium. Retirees pay any premium over and above the employer contribution. The employer does not contribute toward dental or optional life insurance. Surviving spouses and their dependents do not receive any employer contribution. As the non-employer contributing entity (NECE), the State of Texas pays part of the premiums for the junior and community colleges.

**Maximum Monthly Employer Contribution  
Retiree Health and Basic Life Premium  
Fiscal Year 2019**

**Employer Contribution Rates**

Retiree only	\$ 621.90
Retiree and spouse	\$1,334.54
Retiree and children	\$1,099.06
Retiree and family	\$1,811.70

Contributions of premiums to the GBP plan for the current and prior fiscal year by source is summarized in the following table.

**Premium Contributions by Source  
Group Benefits Program Plan  
For the Years Ended August 31,**

	<u>2019</u>	<u>2018</u>
Current fiscal year employer contributions	\$ 1,939,577	\$ 1,993,992
Current fiscal year member contributions	-	-
2018 measurement year NECE on-behalf contributions	3,854,600	1,702,008

**Actuarial Assumptions**

The total OPEB liability in the August 31, 2018 actuarial valuation was determined using the following actuarial assumptions applied to all periods included in the measurement, unless otherwise specified:

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2018
Actuarial cost method	Entry Age
Amortization	Level percent of pay, open
Discount rate	3.96%
Remaining Amortization	30 Years

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
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**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**Actuarial Assumptions** (Continued)

Asset Valuation Method	Not Applicable
Projected salary increases (includes inflation)	2.5% to 9.5%
Healthcare trend rates	7.3% for FY 2020, 7.4% for FY 2021 , 7.0% for FY 2022, decreasing 0.5% per year to an ultimate rate of 4.5% for FY 2027 and later years
Inflation assumption rate	2.5%
Ad hoc postemployment benefit changes	None
Mortality assumptions:	
Service retirees, survivors and other inactive members	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018
Disability retirees	Tables based on TRS experience with Ultimate MP Projection Scale from the year 2018 using a 3-year set forward and minimum mortality rates of four per 100 male members and two per 100 female members
Active members	Sex District RP-2014 Employee Mortality multiplied by 90% with Ultimate MP Projection Scale from the year 2014

Many actuarial assumptions used in this valuation were based on the results of actuarial experience studies performed by the ERS and TRS retirement plan actuaries for the period September 1, 2010 to August 31, 2014 for higher education members.

**Changes Since the Prior Actuarial Valuation**

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**Changes Since the Prior Actuarial Valuation (Continued)**

- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse has been updated to reflect recent plan experience and expected trends.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

The following benefit revisions have been adopted since the prior valuation:

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

**Investment Policy**

The State Retiree Health Plan is a pay-as-you-go plan and does not accumulate funds in advance of retirement. The System's Board of Trustees adopted the amendment to the investment policy in August 2017 to require that all funds in the plan be invested in short-term fixed income securities and specify that the expected rate of return on these investments is 2.4%.

**Discount Rate**

Because the GBP does not accumulate funds in advance of retirement, the discount rate that was used to measure the total OPEB liability is the municipal bonds rate. The discount rate in the prior fiscal year was 3.51%. The discount rate used to measure the total OPEB liability as of the end of the measurement year was 3.96%, which amounted to an increase of 0.45% from the beginning of the year. The source of the municipal bond rate was the Bond Buyer Index of general obligation bonds with 20 years to maturity and mixed credit quality. The bonds average credit quality is roughly equivalent to Moody's Investors Service's Aa2 rating and Standard & Poor's Corp's AA rating. Projected cash flows into the plan are equal to projected benefit payments out of the plan. Because the plan operates on a pay-as-you-go (PAYGO) basis and is not intended to accumulate assets, there is no long-term expected rate of return on plan assets and therefore the years of projected benefit payments to which the long-term expected rate of return is applicable to zero years.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
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**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**Discount Rate Sensitivity Analysis**

The following schedule shows the impact of the College's proportionate share of the collective Net OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.96%) in measuring the Net OPEB Liability.

	<b>1% Decrease in Discount Rate <u>2.96%</u></b>	<b>Current Single Discount Rate <u>3.96%</u></b>	<b>1% Increase in Discount Rate <u>4.96%</u></b>
Proportionate share of the Net OPEB Liability	\$ 63,117,163	\$ 53,163,257	\$ 45,629,281

**Healthcare Cost Trend Rates Sensitivity Analysis**

The initial healthcare trend rate is 7.3% and the ultimate rate is 4.5%. The following presents the College's proportionate share of the collective net OPEB Liability of the plan using the assumed healthcare cost trend rate, as well as what the net OPEB Liability would be if it were calculated using a healthcare cost trend rate that is one-percentage point lower or one-percentage point higher than healthcare cost trend rate that was used (7.3% decreasing to 4.5%) in measuring the Net OPEB Liability.

	<b>1% Decrease in Healthcare Trend Cost (6.3% decreasing to 3.5%)</b>	<b>Current Healthcare Cost Trend Rate (7.3% decreasing to 4.5%)</b>	<b>1% Increase in Healthcare Cost Trend (8.3% decreasing to 5.5%)</b>
Proportionate share of the Net OPEB Liability	\$ 45,022,413	\$ 53,163,257	\$ 63,664,980

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs**

At August 31, 2019, the College reported a liability of \$53,163,257 for its proportionate share of the ERS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the College. The amount recognized by the College as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the College were as follows:

College's proportionate share of the collective Net OPEB Liability	\$ 53,163,257
State's proportionate share that is associated with the College	<u>39,326,419</u>
<b>Total</b>	<b><u>\$ 92,489,676</u></b>

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

The net OPEB liability was measured as of August 31, 2018, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The College's portion of the net OPEB liability was based on the College's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 through August 31, 2018.

At the measurement date, August 31, 2018, the College's proportion of the collective net OPEB liability was 0.17937688%, which was a decrease of 0.03052509% from its proportion measured as of August 31, 2017.

For the year ended August 31, 2019, the College recognized total OPEB expense of \$(3,345,825) and revenue for support provided by state and federal sources of \$(233,780).

At August 31, 2019, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experiences	\$ -	\$ 1,947,731
Changes in actuarial assumptions	-	18,629,859
Differences between projected and actual investment earnings	25,176	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	<u>-</u>	<u>10,430,015</u>
<b>Total as of August 31, 2018 measurement date</b>	<b>\$ 25,176</b>	<b>\$ 31,007,605</b>
Contributions paid to ERS subsequent to the measurement date	<u>1,939,577</u>	<u>-</u>
<b>Total as of fiscal year end</b>	<b><u>\$ 1,964,753</u></b>	<b><u>\$ 31,007,605</u></b>

At August 31, 2018, the College reported its proportionate share of the ERS's collective deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b><u>Deferred Outflows of Resources</u></b>	<b><u>Deferred Inflows of Resources</u></b>
Differences between expected and actual experiences	\$ -	\$ 859,440
Changes in actuarial assumptions	-	14,953,958

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 20 - DEFINED OTHER POSTEMPLOYMENT BENEFIT PLAN (CONTINUED)**

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs (Continued)**

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between projected and actual investment earnings	21,175	-
Changes in proportion and differences between the employer's contributions and proportionate share of contributions	-	-
<b>Total as of August 31, 2017 measurement date</b>	<b>\$ 21,175</b>	<b>\$ 15,813,398</b>
Contributions paid to ERS subsequent to the measurement date	<u>1,993,992</u>	<u>-</u>
<b>Total as of fiscal year end</b>	<b><u>\$ 2,015,167</u></b>	<b><u>\$ 15,813,398</u></b>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

**Year ended August 31,**

2020	\$ (7,500,883)
2021	(7,500,883)
2022	(7,500,883)
2023	(5,800,972)
2024	(2,678,808)
Thereafter	<u>-</u>
<b>Total</b>	<b><u>\$ (30,982,429)</u></b>

**NOTE 21 - AD VALOREM TAX**

The College's ad valorem property tax is levied each October 1 on the assessed value listed as of the prior January 1 for all real and personal property located in the taxing jurisdiction.

**At August 31, 2019:**

Assessed valuation of the District	\$ 15,513,294,980
Less: exemptions	<u>(2,230,482,708)</u>
<b>Net assessed valuation of the District</b>	<b><u>\$ 13,282,812,272</u></b>

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 21 - AD VALOREM TAX (CONTINUED)**

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$ .20000	\$ .50000	\$ .70000
Tax rate per \$100 valuation for assessed	.16499	.04251	.20750

Taxes levied for the year ended August 31, 2019, were \$26,544,211 (which includes penalty and interest assessed and adjustments, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 20,864,679	\$ 5,377,724	\$ 26,242,403
Delinquent taxes collected	135,915	40,338	176,253
Penalties and interest collected	<u>173,659</u>	<u>36,264</u>	<u>209,923</u>
<b>Total collections</b>	<u>\$ 21,174,253</u>	<u>\$ 5,454,326</u>	<u>\$ 26,628,579</u>

**At August 31, 2018:**

Assessed valuation of the District	\$ 15,082,945,038
Less: exemptions	<u>2,168,266,027</u>
<b>Net assessed valuation of the District</b>	<u>\$ 12,914,679,011</u>

	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Tax rate per \$100 valuation for authorized (maximum per enabling legislation)	\$ .20000	\$ .50000	\$ .70000
Tax rate per \$100 valuation for assessed	.15619	.05131	.20750

Taxes levied for the year ended August 31, 2018, were \$25,813,763 (which includes penalty and interest assessed and adjustments, if applicable). Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed.

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 21 - AD VALOREM TAX (CONTINUED)**

<u>Taxes Collected</u>	<u>Current Operations</u>	<u>Debt Service</u>	<u>Total</u>
Current taxes collected	\$ 19,218,948	\$ 6,312,063	\$ 25,531,011
Delinquent taxes collected	142,142	36,737	178,879
Penalties and interest collected	<u>170,087</u>	<u>44,415</u>	<u>214,502</u>
<b>Total collections</b>	<b><u>\$ 19,531,177</u></b>	<b><u>\$ 6,393,215</u></b>	<b><u>\$ 25,924,392</u></b>

Tax collections for the year ended August 31, 2019 and 2018, were 99.53% and 98.90%, respectively, of the current tax levy. Allowance for uncollectible taxes is based upon historical experience in collecting property taxes. The use of tax proceeds is restricted to either maintenance and operations or interest and sinking fund expenditures.

**NOTE 22 - TAX ABATEMENTS**

The College receives reduced property tax revenues as a result of exemptions granted by the City of Amarillo. The exemptions are intended to promote economic development in the Amarillo area. For the fiscal year ended August 31, 2019, the College's property tax revenues were reduced by \$345,406 in incentive payments and \$95,219 in property tax rebates under these exemptions. There are no significant abatements made by the College.

**NOTE 23 - BRANCH CAMPUS MAINTENANCE TAX**

A branch campus maintenance tax that is established by election is levied by Moore County and Hereford Independent School District. It is levied each October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District. Collections are transferred to the College to be used for operation of a branch campus in Dumas, Texas, and Hereford, Texas. This revenue is reported under local grant contracts. Collections in fiscal years 2019 and 2018 (including penalties and interest) from Moore County totaled approximately \$1,095,000 and \$1,073,000, respectively, and from Hereford Independent School District totaled approximately \$766,000 and \$743,000, respectively.

**NOTE 24 - INCOME TAXES**

The College is exempt from income taxes under IRC Section 115, *Income of States, Municipalities, Etc.*, although unrelated business income may be subject to income taxes under IRC Section 511(a)(2)(B), *Imposition of Tax on Unrelated Business Income of Charitable, Etc. Organizations*. The College had no significant unrelated business income for the years ended August 31, 2019 and 2018.

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 25 - RELATED PARTIES**

The Amarillo College Foundation, Incorporated (the Foundation) is a nonprofit organization with the primary purpose of supporting the educational and other activities of various entities, including the College. The Foundation solicits donations and awards scholarships, including substantial scholarships to students not attending the College. The College does not appoint a voting majority to the board of directors nor does it fund or is it obligated to pay debt related to the Foundation. Accordingly, the Foundation has not been presented as a discrete component unit of the College.

The Foundation remitted restricted gifts of approximately \$347,000 and \$66,000 to the College during the years ended August 31, 2019 and 2018, respectively. During the fiscal year, the College furnished certain services, such as office space, utilities and some staff assistance, to the Foundation. The amount of such services provided by the College has not been determined.

**NOTE 26 - BLENDED COMPONENT UNIT**

**Amarillo Foundation for Education and Business**

On November 14, 2012, the Board of Regents entered into an agreement with an independent foundation entitled Amarillo Foundation for Education and Business (AFEB) for the sole purpose of selling land on East Campus. The land is held by the College which, in turn, sells the land to AFEB when AFEB has found a buyer. The board of directors consists of five members, two of whom are appointed by PRANA Development Group, LLC, and three members who are appointed by the College. AFEB is considered a blended component unit of the College. There were no sales during the fiscal years ended August 31, 2019 and 2018.

**Condensed Statements of Net Position**  
**August 31, 2019 and 2018**

	<b><u>2019</u></b>	<b><u>2018</u></b>
<b>Assets</b>		
Current assets	\$ <u>8,105</u>	\$ <u>8,230</u>
<b>Total assets</b>	<u>8,105</u>	<u>8,230</u>
<b>Liabilities</b>	<u>-</u>	<u>-</u>
<b>Net position</b>		
Restricted	<u>8,105</u>	<u>8,230</u>
<b>Total net position</b>	<u>\$ 8,105</u>	<u>\$ 8,230</u>

**AMARILLO COLLEGE  
NOTES TO FINANCIAL STATEMENTS  
August 31, 2019 and 2018**

**NOTE 26 - BLENDED COMPONENT UNIT (CONTINUED)**

**Amarillo Foundation for Education and Business (Continued)**

**Condensed Statements of Revenues, Expenses and Changes in Net Position  
August 31, 2019 and 2018**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Operating revenues</b>	\$ -	\$ -
<b>Total revenues</b>	<u>-</u>	<u>-</u>
<b>Operating expenses</b>	<u>125</u>	<u>175</u>
<b>Total expenses</b>	<u>125</u>	<u>175</u>
Decrease in net position	<u>(125)</u>	<u>(175)</u>
<b>Net position</b>		
Net position, beginning of year	<u>8,230</u>	<u>8,405</u>
Net position, end of year	<u>\$ 8,105</u>	<u>\$ 8,230</u>

**Condensed Statements of Cash Flows  
August 31, 2019 and 2018**

	<u><b>2019</b></u>	<u><b>2018</b></u>
<b>Net cash used by operating activities</b>	\$ (125)	\$ (175)
Net decrease in cash and cash equivalents	(125)	(175)
<b>Cash and cash equivalents, beginning of year</b>	<u>8,230</u>	<u>8,405</u>
<b>Cash and cash equivalents, end of year</b>	<u>\$ 8,105</u>	<u>\$ 8,230</u>

**NOTE 27 - NEW GASB PRONOUNCEMENTS**

The Governmental Accounting Standards Board has issued several new pronouncements that the College has reviewed for application to their accounting and reporting.

*Recently Issued Accounting Pronouncements*

GASB Statement No. 84, *Fiduciary Activities*, the objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement establishes criteria for identifying fiduciary activities of all state and local governments. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities. This statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

resources. GASB No. 84 is effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 87, *Leases*, the objective of this statement is to better meet the information needs of the financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. GASB 87 is effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 88, *Certain Disclosures Related to Debt, Including Borrowing and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The College implemented this statement in 2019.

GASB Statement No. 89, *Accounting For Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of *Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost incurred for financial statements prepared using the economic resources

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The College early implemented this statement in 2019.

GASB Statement No. 90, *Majority Equity Interests – An Amendment of GASB Statements No. 14 and No. 61*. The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value. For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit. This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition. The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. The College is currently evaluating the effect of this statement on their financial statements.

GASB Statement No. 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and

**AMARILLO COLLEGE**  
**NOTES TO FINANCIAL STATEMENTS**  
**August 31, 2019 and 2018**

**NOTE 27 - NEW GASB PRONOUNCEMENTS (CONTINUED)**

*Recently Issued Accounting Pronouncements (Continued)*

financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required not disclosures. This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period. The requirements of this Statement are effective for reporting periods beginning after December 15, 2020. Earlier application is encouraged. The College is currently evaluating the effect of this statement on their financial statements.

**NOTE 28 - SUBSEQUENT EVENTS**

The College evaluated for inclusion as a subsequent event disclosure those events that occurred prior to December 10, 2019, the date the financial statements were issued.

On September 12, 2019, the College issued \$27,500,000 General Obligation Bonds, Series 2019 Limited Tax Refunding Bonds used to construct and equip new buildings and renovate existing facilities.

This information is an integral part of the accompanying financial statements.

## **REQUIRED SUPPLEMENTARY INFORMATION**

**AMARILLO COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE  
OF THE NET PENSION LIABILITY  
TEACHERS RETIREMENT SYSTEM OF TEXAS  
For the Years Ended August 31**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
College's proportionate share (percentage) of the net pension liability	.0340915%	.0320179%	.0355407%	.0432006%	.0394211%
College's proportionate share (amount) of the net pension liability	\$ 18,764,815	\$ 10,237,600	\$ 13,430,302	\$ 15,270,837	\$ 10,529,921
State's proportionate share (amount) of the net pension liability associated with the College	<u>11,693,410</u>	<u>6,276,976</u>	<u>6,960,228</u>	<u>5,604,542</u>	<u>6,837,829</u>
<b>Total</b>	<u><u>\$ 30,458,225</u></u>	<u><u>\$ 16,514,576</u></u>	<u><u>\$ 20,390,530</u></u>	<u><u>\$ 20,875,379</u></u>	<u><u>\$ 17,367,750</u></u>
College's covered-employee payroll (for measurement year)	\$ 27,413,051	\$ 24,718,018	\$ 24,505,834	\$ 25,103,781	\$ 24,102,504
College's proportionate share of the net pension liability as a percentage of its covered-employee payroll	68.45%	41.42%	54.80%	60.83%	43.69%
Plan's fiduciary net position as a percentage of the total pension liability	73.74%	82.17%	78.00%	78.43%	83.25%

Note 1: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of College's respective fiscal years as opposed to the time periods covered by the measurement date.

Note 2: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**AMARILLO COLLEGE  
REQUIRED SUPPLEMENTARY INFORMATION -  
SCHEDULE OF THE COLLEGE'S CONTRIBUTIONS FOR PENSIONS  
TEACHERS RETIREMENT SYSTEM OF TEXAS  
For the Years Ended August 31**

	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually required contributions	\$ 1,160,042	\$ 1,154,173	\$ 1,051,068	\$ 1,137,359	\$ 1,240,322
Contributions in relation to the contractually required contributions	<u>(1,160,042)</u>	<u>(1,154,173)</u>	<u>(1,051,068)</u>	<u>(1,137,359)</u>	<u>(1,240,322)</u>
Contribution deficiency (excess)	<u>\$ -</u>				
College's covered-employee payroll	<u>\$ 28,056,500</u>	<u>\$ 27,413,051</u>	<u>\$ 24,718,018</u>	<u>\$ 24,505,834</u>	<u>\$ 25,103,781</u>
Contributions as a percentage of covered-employee payroll	4.13%	4.21%	4.25%	4.64%	4.94%

Note 1: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of College's respective fiscal years as opposed to the time periods covered by the measurement date.

Note 2: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these cases, during the transition period, that information should be presented for as many years as are available. The schedules should not include information that is not measured in accordance with the requirements of this Statement."

**AMARILLO COLLEGE  
SCHEDULE OF THE COLLEGE'S PROPORTIONATE SHARE OF THE  
NET OPEB LIABILITY (ERS)  
Year Ended August 31,\*\***

	<u>Measurement Year Ended August, 31</u>	
	<u>2018</u>	<u>2017</u>
College's Proportion of collective Net OPEB Liability	0.179377%	0.209902%
College's Proportionate Share of collective Net OPEB Liability	\$ 53,163,257	\$ 71,519,923
State's Proportionate Share of the Net OPEB Liability associated with the College	<u>39,326,419</u>	<u>60,737,347</u>
Total	<u>\$ 92,489,676</u>	<u>\$ 132,257,270</u>
College's Covered-Employee Payroll	\$ 24,922,800	\$ 22,247,788
College's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	213.31%	321.47%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.27%	2.04%

Note: GASB Condition, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are based on the August 31, 2018 measurement date.

\*\* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

**AMARILLO COLLEGE**  
**SCHEDULE OF COLLEGE'S CONTRIBUTIONS TO THE OPEB PLAN**  
**Year Ended August 31,\*\***

	<u>2019</u>	<u>2018</u>
Contractually required contribution	\$ 1,939,577	\$ 1,993,992
Contribution in relation to the contractually required contribution	<u>(1,939,577)</u>	<u>(1,993,992)</u>
Contribution deficiency (excess)	<u>-</u>	<u>-</u>
College's covered-employee payroll	\$ 24,386,916	\$ 24,922,800
Contributions as a percentage of covered payroll	7.95%	8.00%

Note: GASB Condition, Vol. 2, P50.238 requires that the data in this schedule be presented as of the College's respective fiscal year as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

\*\* This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

**AMARILLO COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended August 31, 2019**

**NOTE 1 - CHANGES OF BENEFIT TERMS FOR PENSION LIABILITY**

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

**NOTE 2 - CHANGES OF ASSUMPTIONS FOR PENSION LIABILITY**

Changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period were as follows:

- The total pension liability as of August 31, 2018 was developed using roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rate, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0% as of August 31, 2017 to 6.907% as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0% to 7.25%.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the net pension liability.

**NOTE 3 - CHANGES OF BENEFIT TERMS FOR OPEB**

The following benefit revisions have been adopted since the prior measurement date.

- An increase in the out-of-pocket maximum for both HealthSelect and Consumer Directed HealthSelect for those HealthSelect retirees and dependents for whom Medicare is not primary.

These minor benefit changes have been reflected in the fiscal year 2019 Assumed Per Capita Health Benefit Costs.

**AMARILLO COLLEGE**  
**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**  
**Year Ended August 31, 2019**

**NOTE 4 - CHANGES IN ASSUMPTIONS FOR OPEB**

Changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period were as follows:

- Demographic assumptions (including rates of retirement, disability, termination, mortality, and assumed salary increases) for higher education members have been updated to reflect assumptions recently adopted by the trustees from the Teachers Retirement System of Texas.
- The percentage of current retirees and their spouses not yet eligible to participate in the HealthSelect Medicare Advantage Plan and future retirees and their spouses who will elect to participate in the plan at the earliest date at which coverage can commence.
- The percentage of future retirees assumed to be married and electing coverage for their spouse has been updated to reflect recent plan experience and expected trends.
- Assumed expenses, assumed per capita health benefit costs, and assumed health benefit cost, retiree contribution, and expense trends have been updated to reflect recent experience and its effects on our short-term expectations.
- The discount rate assumption was increased from 3.51% to 3.96% to utilize the updated yield or index rate for 20-year, tax exempt general obligation municipal bonds rated AA/Aa (or equivalent) or higher in effect on the measurement date.

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## **OTHER SUPPLEMENTAL INFORMATION**

**AMARILLO COLLEGE  
SCHEDULE A  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED AUGUST 31, 2019  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2019</u>	<u>2018</u>
<b>TUITION</b>						
State-funded courses						
In-district resident tuition	\$ 9,315,995	\$ -	\$ 9,315,995	\$ -	\$ 9,315,995	\$ 9,357,443
Out-of-district resident tuition	2,043,362	-	2,043,362	-	2,043,362	2,239,237
Non-resident tuition	733,590	-	733,590	-	733,590	731,394
TPEG - Credit (set aside)*	472,388	-	472,388	-	472,388	488,736
State-funded continuing education	1,528,121	85,748	1,613,869	-	1,613,869	1,266,104
TPEG - Non-credit (set aside)*	91,687	8,372	100,059	-	100,059	75,966
Non-state funded continuing education	486,281	(6,419)	479,862	-	479,862	536,111
Total tuition	<u>14,671,424</u>	<u>87,701</u>	<u>14,759,125</u>	<u>-</u>	<u>14,759,125</u>	<u>14,694,991</u>
<b>FEEES</b>						
Distance learning fee	1,545,801	-	1,545,801	-	1,545,801	1,567,185
General fee	4,254,746	-	4,254,746	-	4,254,746	4,428,048
Technology fee	1,640,316	-	1,640,316	-	1,640,316	1,719,668
Student service fee	290,484	-	290,484	-	290,484	301,142
Laboratory fee	347,311	-	347,311	-	347,311	377,161
Other fees	1,765,810	31,058	1,796,868	-	1,796,868	1,705,335
Total fees	<u>9,844,468</u>	<u>31,058</u>	<u>9,875,526</u>	<u>-</u>	<u>9,875,526</u>	<u>10,098,539</u>
<b>SCHOLARSHIP ALLOWANCES AND DISCOUNTS</b>						
Scholarship allowances	(1,066,334)	-	(1,066,334)	-	(1,066,334)	(1,011,274)
Remissions and exemptions - State	(2,240,525)	-	(2,240,525)	-	(2,240,525)	(2,223,643)
TPEG allowances	(419,681)	-	(419,681)	-	(419,681)	(633,610)
State grants to students	(455,661)	-	(455,661)	-	(455,661)	(471,127)
Title IV federal grants	(5,570,239)	-	(5,570,239)	-	(5,570,239)	(5,693,742)
Other local grants	(375,372)	-	(375,372)	-	(375,372)	(343,608)
Total scholarship allowances and discounts	<u>(10,127,812)</u>	<u>-</u>	<u>(10,127,812)</u>	<u>-</u>	<u>(10,127,812)</u>	<u>(10,377,004)</u>
Total net tuition and fees	<u>14,388,080</u>	<u>118,759</u>	<u>14,506,839</u>	<u>-</u>	<u>14,506,839</u>	<u>14,416,526</u>

**AMARILLO COLLEGE  
SCHEDULE A, CONTINUED  
SCHEDULE OF OPERATING REVENUES  
YEAR ENDED AUGUST 31, 2019  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Educational Activities</u>	<u>Auxiliary Enterprises</u>	<u>2019</u>	<u>2018</u>
<b>ADDITIONAL OPERATING REVENUES</b>						
Federal grants and contracts	163,099	3,756,297	3,919,396	-	3,919,396	6,467,853
State grants and contracts	32,818	1,442,545	1,475,363	-	1,475,363	1,548,297
Local grants and contracts	1,915,332	11,708	1,927,040	-	1,927,040	1,981,312
Nongovernmental grants and contracts	338,629	1,246,879	1,585,508	-	1,585,508	1,503,071
Sales and services of educational activities	524,620	-	524,620	-	524,620	505,553
General operating revenues	1,913	769,167	771,080	-	771,080	495,880
Total additional operating revenues	<u>2,976,411</u>	<u>7,226,596</u>	<u>10,203,007</u>	<u>-</u>	<u>10,203,007</u>	<u>12,501,966</u>
<b>AUXILIARY ENTERPRISES</b>						
Bookstore	-	-	-	3,425,567	3,425,567	3,886,497
Less: discounts	-	-	-	(1,429,084)	(1,429,084)	(1,718,927)
Residential	-	-	-	2,794,664	2,794,664	2,790,936
Student programs	-	-	-	4,708	4,708	1,287
Child care	-	-	-	409,756	409,756	330,802
Other auxiliary enterprises	-	-	-	320,733	320,733	270,770
Total net auxiliary enterprises	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,526,344</u>	<u>5,526,344</u>	<u>5,561,365</u>
<b>TOTAL OPERATING REVENUES</b>	<u>\$ 17,364,491</u>	<u>\$ 7,345,355</u>	<u>\$ 24,709,846</u>	<u>\$ 5,526,344</u>	<u>\$ 30,236,190</u>	<u>\$ 32,479,857</u>

(Exhibit 2)

\*In accordance with Education Code 56.033, \$572,447 and \$564,702 for years August 31, 2019 and 2018, respectively, of tuition was set aside for Texas Public Education grants (TPEG).

**AMARILLO COLLEGE  
SCHEDULE B  
SCHEDULE OF OPERATING EXPENSES BY OBJECT  
YEAR ENDED AUGUST 31, 2019  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)**

	<b>Operating Expenses</b>				<b>2019</b>	<b>2018</b>
	<b>Salaries and Wages</b>	<b>Benefits</b>		<b>Other Expenses</b>		
		<b>State</b>	<b>Local</b>			
<b>UNRESTRICTED EDUCATIONAL ACTIVITIES</b>						
Instruction	\$ 22,017,966	\$ -	\$ 4,818,828	\$ 1,933,928	\$ 28,770,722	\$ 31,261,016
Public service	1,781,755	-	347,423	182,743	2,311,921	2,704,276
Academic support	2,391,394	-	627,911	351,669	3,370,974	3,328,459
Student services	3,287,544	-	881,245	324,974	4,493,763	4,606,561
Institutional support	5,528,104	-	427,613	7,249,568	13,205,285	14,163,490
Operation and maintenance of plant	2,469,169	-	1,251,906	3,217,913	6,938,988	7,156,333
Total unrestricted educational activities	<u>37,475,932</u>	<u>-</u>	<u>8,354,926</u>	<u>13,260,795</u>	<u>59,091,653</u>	<u>63,220,135</u>
<b>RESTRICTED EDUCATIONAL ACTIVITIES</b>						
Instruction	1,783,217	2,467,515	301,361	2,394,880	6,946,973	6,891,225
Public service	176,795	177,026	45,887	956,316	1,356,024	1,187,254
Academic support	-	327,162	-	-	327,162	278,582
Student services	-	481,494	-	-	481,494	454,017
Institutional support	274,096	874,743	93,666	(322,109)	920,396	1,212,680
Scholarships and fellowships	-	-	-	9,906,898	9,906,898	8,475,841
Total restricted educational activities	<u>2,234,108</u>	<u>4,327,940</u>	<u>440,914</u>	<u>12,935,985</u>	<u>19,938,947</u>	<u>18,499,599</u>
Total educational activities	<u>39,710,040</u>	<u>4,327,940</u>	<u>8,795,840</u>	<u>26,196,780</u>	<u>79,030,600</u>	<u>81,719,734</u>
<b>AUXILIARY ENTERPRISES</b>	1,343,913	-	488,724	4,293,695	6,126,332	6,280,735
<b>DEPRECIATION EXPENSE - buildings and other real estate improvements</b>	-	-	-	3,650,830	3,650,830	3,686,635
<b>DEPRECIATION EXPENSE - equipment and furniture</b>	-	-	-	2,042,044	2,042,044	2,140,660
<b>TOTAL OPERATING EXPENSES</b>	<u>\$ 41,053,953</u>	<u>\$ 4,327,940</u>	<u>\$ 9,284,564</u>	<u>\$ 36,183,349</u>	<u>\$ 90,849,806</u>	<u>\$ 93,827,764</u>

(Exhibit 2)

**AMARILLO COLLEGE  
SCHEDULE C  
SCHEDULE OF NONOPERATING REVENUES AND EXPENSES  
YEAR ENDED AUGUST 31, 2019  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)**

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Auxiliary Enterprises</u>	<u>2019</u>	<u>2018</u>
<b>NONOPERATING REVENUES</b>					
State appropriations:					
Education and general state support	\$ 13,548,432	\$ -	\$ -	\$ 13,548,432	\$ 13,510,994
State group insurance	-	3,850,424		3,850,424	7,217,474
State retirement matching	-	1,401,073		1,401,073	726,226
Total state appropriations	13,548,432	5,251,497	-	18,799,929	21,454,694
Maintenance ad valorem taxes	21,067,011	-	-	21,067,011	19,433,980
General obligation bonds taxes	-	5,463,085	-	5,463,085	6,412,262
Federal revenue, nonoperating	56,982	17,889,497	-	17,946,479	16,805,032
Gifts	321,167	-	-	321,167	235,209
Investment income	661,304	250,700	-	912,004	931,259
Gain (loss) on disposal of fixed assets	-	102,885	-	102,885	120,126
Total nonoperating revenues	35,654,896	28,957,664	-	64,612,560	65,392,562
<b>NONOPERATING EXPENSES</b>					
Interest on capital related debt	-	(2,051,395)	-	(2,051,395)	(2,191,051)
Total nonoperating expenses	-	(2,051,395)	-	(2,051,395)	(2,191,051)
<b>NET NONOPERATING REVENUES</b>	<u>\$ 35,654,896</u>	<u>\$ 26,906,269</u>	<u>\$ -</u>	<u>\$ 62,561,165</u>	<u>\$ 63,201,511</u>

(Exhibit 2)

**AMARILLO COLLEGE  
SCHEDULE D  
SCHEDULE OF NET POSITION BY SOURCE AND AVAILABILITY  
YEAR ENDED AUGUST 31, 2019  
(WITH MEMORANDUM TOTALS FOR THE YEAR ENDED AUGUST 31, 2018)**

	Detail by Source				Available for Current Operations		
	Unrestricted	Restricted		Capital Assets Net of Depreciation & Related Debt	Total	Yes	No
		Expendable	Nonexpendable				
<b>CURRENT</b>							
Unrestricted	\$ (77,651,071)	\$ -	\$ -	\$ -	\$ (77,651,071)	\$ (77,651,071)	\$ -
Board designated	-	-	-	-	-	-	-
Restricted	-	6,951,691	-	-	6,951,691	6,951,691	-
Auxiliary enterprises	5,434,407	-	-	-	5,434,407	5,434,407	-
<b>LOAN</b>	-	-	-	-	-	-	-
<b>ENDOWMENT</b>							
Quasi:							
Unrestricted	-	1,724,484	-	-	1,724,484	-	1,724,484
Restricted	-	-	2,500,000	-	2,500,000	-	2,500,000
Endowment							
True	-	-	-	-	-	-	-
Term (per instructions at maturity)	-	-	-	-	-	-	-
Life income contracts	-	-	-	-	-	-	-
Annuities	-	-	-	-	-	-	-
<b>PLANT</b>							
Unexpended	-	386,800	-	-	386,800	-	386,800
Renewals	-	-	-	-	-	-	-
Debt service	-	3,099,331	-	-	3,099,331	-	3,099,331
Investment in plant	-	-	-	66,153,996	66,153,996	-	66,153,996
Total net position, August 31, 2019	(72,216,664)	12,162,306	2,500,000	66,153,996	8,599,638	(65,264,973)	73,864,611
					(Exhibit 1)		
Total net position, August 31, 2018	(71,735,447)	9,597,855	2,500,000	66,289,681	6,652,089	(67,045,859)	73,697,948
					(Exhibit 2)		
<b>NET INCREASE (DECREASE) IN NET POSITION</b>	<u>\$ (481,217)</u>	<u>\$ 2,564,451</u>	<u>\$ -</u>	<u>\$ (135,685)</u>	<u>\$ 1,947,549</u>	<u>\$ 1,780,886</u>	<u>\$ 166,663</u>
					(Exhibit 2)		

**AMARILLO COLLEGE  
SCHEDULE E  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

Federal Grantor/Cluster/Program Title/Pass Through Grantor/ Pass-Through Grantor's Award Number	CFDA Number	Expenditures			Subrecipients Expenditures
		Direct Awards	Pass-Through Awards	Total	
<b>U.S. Department of Education</b>					
Direct Programs:					
Student Financial Aid Cluster					
Federal Supplemental Educational Opportunity Grants	84.007	\$ 334,951	\$ -	\$ 334,951	\$ -
Federal College Work Study Program	84.033	317,913	-	317,913	-
Federal Pell Grant Program	84.063	17,293,615	-	17,293,615	-
Federal Direct Student Loans	84.268	11,080,485	-	11,080,485	-
Total Student Financial Aid		29,026,964	-	29,026,964	-
Title III Hispanic Serving Institutions Science, Technology, Engineering, and Math	84.031C	469,529	-	469,529	-
Title V Grant Developing Hispanic Serving Institutions	84.031S	626,209	-	626,209	-
Total CFDA No. 84.031		1,095,738	-	1,095,738	-
Trio - Student Support Services	84.042A	415,937	-	415,937	-
Pass-Through From:					
Texas Higher Education Coordinating Board					
Carl Perkins Vocational Education Basic / 19420206712001	84.048	-	653,231	653,231	-
Perkins State Leadership Subrecipient - Austin Community College / 1742020271	84.048	-	6,909	6,909	-
Total CFDA No. 84.048A		-	660,140	660,140	-
Texas Workforce Commission					
Adult Education and Literacy / 0118ALA000	84.002A	-	745,180	745,180	-
Adult Education and Literacy / 0118ALAB00	84.002A	-	4,978	4,978	-
Local Performance Quality Improvement / 0119PQI000	84.002A	-	43,369	43,369	-
Adult Education and Literacy College Integration Pathways II / 2917AEL001	84.002A	-	718,958	718,958	-
Accelerate Texas / 0119AEL000	84.002A	-	1,877	1,877	-
Total CFDA No. 84.002A		-	1,514,362	1,514,362	-
<b>Total U.S. Department of Education</b>		<b>30,538,639</b>	<b>2,174,502</b>	<b>32,713,141</b>	<b>-</b>
<b>National Science Foundation</b>					
Pass-Through From:					
Texas Engineering Experiment Station					
National Science Foundation - Science Technology Engineering Mathematics / 1644179	47.076	-	96,567	96,567	-
<b>Total National Science Foundation</b>		<b>-</b>	<b>96,567</b>	<b>96,567</b>	<b>-</b>
<b>U.S. Department of Health and Human Services</b>					
Pass-Through From:					
Partnership for Environmental Technology Education (PETE)					
National Institute for Environmental Health Sciences / 5UH4E5019338-09	93.142	-	108,542	108,542	-
Total CFDA No. 93.142		-	108,542	108,542	-
Pass-Through From:					
Texas Workforce Commission					
Temporary Assistance for Needy Families / 0118ALA000	93.558	-	28,110	28,110	-
Total CFDA No. 93.558		-	28,110	28,110	-
<b>Total U.S. Department of Health and Human Services</b>		<b>-</b>	<b>136,652</b>	<b>136,652</b>	<b>-</b>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>		<b>\$ 30,538,639</b>	<b>\$ 2,407,721</b>	<b>\$ 32,946,360</b>	<b>\$ -</b>

See accompanying notes to the Schedule of Expenditures of Federal Awards.

**AMARILLO COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**  
**August 31, 2019**

**NOTE 1 - FEDERAL ASSISTANCE RECONCILIATION**

A reconciliation of federal financial assistance per the schedule of operating revenues and nonoperating revenues to the Schedule of Expenditures of Federal Awards is as follows:

Federal Grants and Contracts Revenue per Schedule A	\$ 3,919,396
Federal Grants and Contracts Revenue per Schedule C	17,946,479
Federal Direct Student Loans	<u>11,080,485</u>
<b>Total federal revenues per Schedule of Expenditures of Federal Awards</b>	<b><u>\$ 32,946,360</u></b>

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE**

The expenditures included in the schedule are reported for the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis. The expenditures reported above represent funds that have been expended by the College for the purposes of the award. The expenditures reported above may not have been reimbursed by the funding agencies as of the end of the fiscal year. Some amounts reported in the schedule may differ from amounts used in the preparation of the basic financial statements. Separate accounts are maintained for the different awards to aid in the observance of limitations and restrictions imposed by the funding agencies. The College has followed all applicable guide-lines issued by various entities in the preparation of the schedule. The College did not use the 10% de minimus rule allowed by Uniformed Guidance section 200.414.

**AMARILLO COLLEGE  
SCHEDULE F  
SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS  
FOR THE YEAR ENDED AUGUST 31, 2019**

<u>Grantor Agency/Program Title</u>	<u>Grant Contract Number</u>	<u>Expenditures</u>
<b>Texas Workforce Commission</b>		
Adult Education and Literacy	0118ALA000	\$ 109,221
FY 18 Skills for Small Business	0116SSD001	51
Amarillo College in Partnership with a Healthcare Consortium	0118SDF001	395,114
<b>Total Texas Workforce Commission</b>		<u>504,386</u>
<b>Texas Department of Criminal Justice</b>		
Pass-Through From:		
Panhandle Regional Planning Commission		
Law Enforcement Training	1426916	75,749
<b>Total Texas Department of Criminal Justice</b>		<u>75,749</u>
<b>Texas Higher Education Coordinating Board</b>		
Texas Educational Opportunity Grant	-	720,456
Nursing Shortage Reduction Regular	-	6,781
Nursing Shortage Reduction <70	-	52,942
Work-Study State Mentorship Program	18864	40,771
Comprehensive College Readiness and Success Models	17446 / 18381 / 20283	73,693
FYE Transition TX Tutors	-	585
<b>Total Texas Higher Education Coordinating Board</b>		<u>895,228</u>
<b>TOTAL EXPENDITURES OF STATE OF TEXAS AWARDS</b>		<u>\$ 1,475,363</u>

See accompanying notes to the Schedule of Expenditures of State of Texas Awards.

**AMARILLO COLLEGE**  
**NOTES TO SCHEDULE OF EXPENDITURES OF STATE OF TEXAS AWARDS**  
**August 31, 2019**

**NOTE 1 - STATE ASSISTANCE RECONCILIATION**

A reconciliation of state financial assistance per the schedule of operating revenues to the Schedule of Expenditures of State of Texas Awards is as follows:

State Grants and Contracts Revenue per Schedule A	<u>\$ 1,475,363</u>
<b>Total Grants and Contracts Revenue per Schedule F</b>	<u><b>\$ 1,475,363</b></u>

**NOTE 2 - SIGNIFICANT ACCOUNTING POLICIES USED IN PREPARING THE SCHEDULE**

The accompanying schedule is presented using the accrual basis of accounting. See Note 2 to the financial statements for the College's significant accounting policies. These expenditures are reported on the College's fiscal year. Expenditure reports to funding agencies are prepared on the award period basis.

**NOTE 3 - SUBRECIPIENTS**

None

**SINGLE AUDIT SECTION**

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**Independent Auditor's Report on Internal Control Over Financial  
Reporting and on Compliance and Other Matters Based on an Audit of Financial  
Statements Performed in Accordance with *Government Auditing Standards***

Board of Regents  
Amarillo College  
Amarillo, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of Amarillo College (the College) which comprise the statements of net position as of August 31, 2019 and the related statements of revenues, expenses, and changes in net position and cash flows as of and for the year ended August 31, 2019, and the related notes to the financial statements and have issued our report thereon dated December 10, 2019.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the College's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the College's internal control. Accordingly, we do not express an opinion on the effectiveness of the College's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the College's financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the College's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the College's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the College's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Connor, McMillon, Mitchell & Shennum, PLLC*

Amarillo, Texas  
December 10, 2019

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**Independent Auditor's Report on Compliance for Each Major Program  
and on Internal Control Over Compliance Required by the Uniform Guidance  
and the State of Texas Uniform Grants Management Standards**

Board of Regents  
Amarillo College  
Amarillo, Texas

***Report on Compliance for Each Major Federal and State Program***

We have audited Amarillo College's (the College) compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* and the State of Texas Uniform Grants Management Standards that could have a direct and material effect on each of the College's major federal and state programs for the year ended August 31, 2019. The College's major federal and state programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

***Management's Responsibility***

Management is responsible for compliance with the federal statutes, regulations, contracts, and the terms and conditions of its federal and state awards applicable to its federal and state programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the College's major federal and state programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the State of Texas Uniform Grants Management Standards (State UGMS). Those standards, the Uniform Guidance and the State UGMS require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance, with the types of compliance requirements referred to above that could have a direct and material effect on a major federal or state program, occurred. An audit includes examining, on a test basis, evidence about the College's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal and state program. However, our audit does not provide a legal determination of the College's compliance.

***Opinion on Each Major Federal and State Program***

In our opinion, the College complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended August 31, 2019.

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### ***Other Matters***

The results of our auditing procedures disclosed other instances of noncompliance, which are required to be reported in accordance with the Uniform Guidance and the State UGMS which are described in the accompanying schedule of findings and questioned costs as items 2019-001 to 2019-003. Our opinion on each major federal and state program is not modified with respect to these matters.

The College's response to the noncompliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance, and accordingly, we express no opinion on the response.

### ***Report on Internal Control over Compliance***

Management of the College is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the College's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal and state program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal and state program and to test and report on internal control over compliance in accordance with the Uniform Guidance and the State UGMS, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the College's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal or state program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal or state program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of the federal or state program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, we identified certain deficiencies in internal control over compliance, as described in the accompanying schedule of findings and questioned costs as items 2019-001 to 2019-003 that we consider to be significant deficiencies.

The College's response to the internal control over compliance findings identified in our audit is described in the accompanying schedule of findings and questioned costs. The College's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance and the State UGMS. Accordingly, this report is not suitable for any other purpose.

*Connor, McMillon, Mitchell & Shennum, PLLC*

Amarillo, Texas  
December 10, 2019

**AMARILLO COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2019**

**SECTION I – Summary of Auditor's Results**

***Financial Statements***

Type of Auditor's report issued:

The Auditor's report expresses an unmodified opinion on the financial statements of Amarillo College.

Internal control over financial reporting:

- Material weakness(es) identified?                           yes      X   no
- Significant deficiency(ies) identified?                   yes      X   none reported

Noncompliance material to financial statements noted?           yes      X   no

***Federal and State Awards***

Internal control over major programs:

- Material weakness(es) identified?                           yes      X   no
- Significant deficiency(ies) identified?              X   yes           none reported

Type of Auditor's report issued on compliance for major programs: unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR section 200.516(a)?                           yes      X   no

Identification of major programs:

<u>CFDA Number(s)</u>	<u>Name of Federal/State Program or Cluster</u>
<i>Federal programs</i>	U.S. Department of Education <i>Student Financial Aid Cluster</i>
84.007	Federal Supplemental Educational Opportunity Grant Program (FSEOG)
84.033	Federal College Work Study Program
84.063	Federal Pell Grant Program
84.268	Federal Direct Student Loans
84.048	Carl Perkins Vocational Education Basic Grant Program
N/A	Texas Higher Education Coordinating Board Texas Education Opportunity Grant
N/A	Texas Workforce Commission Amarillo College in Partnership with a Healthcare Consortium

Dollar threshold used to distinguish between Type A and Type B programs was: \$ 750,000 - Federal  
\$ 300,000 - State

- Auditee qualified as a low-risk auditee?            Federal      X   yes           no
- Auditee qualified as a low-risk auditee?            State        X   yes           no

**AMARILLO COLLEGE  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED  
Year Ended August 31, 2019**

**SECTION II – Financial Statement Findings**

None noted.

**SECTION III – Federal and State Award Findings and Questioned Costs**

**Finding 2019-001**

*Program:* Texas Workforce Commission  
Skills Development Fund - Healthcare

*Compliance Requirement:* Eligibility

*Condition:* Two grant participants were not eligible to receive grant funds.

*Criteria:* All participants must be full-time employees and have employer provided Texas Unemployment Insurance taxes.

*Cause:* The College relies on the employers' human resources departments to determine and confirm grant eligibility for participants. Two participants were incorrectly approved as eligible by their employer.

*Effect:* Ineligible participants receiving grant funds could result in the loss of grant funding.

*Context:* The error was discovered during eligibility testwork. Two tested participants were not eligible to participate in the grant.

*Questioned Cost:* The amount spent on ineligible participants for course materials was \$602.

*Repeat Finding:* No

*Recommendation:* We recommend that the College implement procedures to confirm participant eligibility at the beginning of each grant course.

*Views of Responsible Officials:* The two instances cited were the result of an employer's human resources department not checking the eligibility of participants prior to grant courses. The grant administrator is working with the employer's human resources department to properly identify ineligible participants.

**AMARILLO COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**Year Ended August 31, 2019**

**Finding 2019-002**

*Program:* Texas Higher Education Coordinating Board  
Texas Educational Opportunity Grant (TEOG) – State Grant

*Compliance Requirement:* Cash Management

*Condition:* The Spring funds were not distributed to eligible students accounts within the 3-day requirements. Funds received on February 15, 2019, were not completely allocated until February 21, 2019.

*Criteria:* Student’s accounts are to be credited within 3-days of receiving funds.

*Cause:* The Financial Aid office was not notified that the funds were received on February 15, 2019. Instead, the Financial Aid office was notified on February 19, 2019 and began allocating funds as though this was the day of receipt.

*Effect:* Students did not receive grant funds in the timeframe they are eligible to receive. This has potential to affect the College’s qualifications to receive funds in the future.

*Context:* The error was discovered during cash management testwork. The College received the funds on February 15, 2019 and began allocating on the following Tuesday February 19, 2019. The process was completed by Wednesday February 21, 2019.

*Repeat Finding:* Yes

*Recommendation:* We recommend that the College implement procedures to allocate the TEOG funds within Program Guidelines.

*Views of Responsible Officials:* The one instance cited was a result of a change in who notifies the Financial Aid office of the receipt of funds. This institution believes this to be an isolated incident.

**Finding 2019-003**

*Program:* Texas Educational Opportunity Grant (TEOG) – State Grant

*Compliance Requirement:* Matching

**AMARILLO COLLEGE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED**  
**Year Ended August 31, 2019**

**Finding 2019-003** (Continued)

<i>Condition:</i>	Six students did not receive matching funds to cover the amount of tuition in excess of TEOG.
<i>Criteria:</i>	The College must cover the tuition of students in excess of the TEOG grant award with another source of grant funding other than Pell.
<i>Cause:</i>	TEOG matching funds are manually calculated and there is no review of the calculation.
<i>Effect:</i>	Failure to match the funds could result in termination of the grant or additional costs to the College to cover the match if other grant sources are not available.
<i>Context:</i>	Six out of 34 tested had errors. The matching funds for six students were either incorrectly calculated, incorrectly applied, or not calculated or applied.
<i>Repeat Finding:</i>	No
<i>Recommendation:</i>	We recommend that the College implement procedures for a second review of match calculations to be performed.
<i>Views of Responsible Officials:</i>	The six instances cited were the result of not having proper procedures in place.

**AMARILLO COLLEGE  
SCHEDULE OF CORRECTIVE ACTION  
FOR AUDIT FINDINGS AND QUESTIONED COSTS  
Year Ended August 31, 2019**

**Finding 2019-001**

*Condition:* Two grant participants were not eligible to receive grant funds

*Corrective Action Plan:* See the College's response on page 97.

**Finding 2019-002**

*Condition:* The Spring funds were not distributed to eligible students accounts within the 3-day requirements. Funds received on February 15, 2019, were not completely allocated until February 21, 2019.

*Corrective Action Plan:* See the College's response on page 98.

**Finding 2019-003**

*Condition:* Six students did not receive matching funds to cover the amount of tuition in excess of TEOG.

*Corrective Action Plan:* See the College's response on page 99.

**AMARILLO COLLEGE  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended August 31, 2019**

**Finding 2018-001**

*Program:* Texas Educational Opportunity Grant (TEOG) – State Grant

*Condition:* The Spring funds were not distributed to eligible students accounts within the 3-day requirements. Funds received on February 23, 2018, were not completely allocated until March 1, 2018.

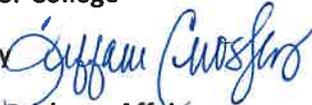
*Recommendation:* We recommend that the College implement procedures to allocate the TEOG funds within Program Guidelines.

*Current Status:* See the College’s response on page 100.



**Amarillo College**

**Nov 15, 2019**

**Memorandum For:** Amarillo Junior College  
**Contact:** Tiffani Crosley   
Interim VP of Business Affairs  
**Subject:** Corrective Action for Audit Finding 2019-001  
SDF Eligibility Finding – State Grant

**Cause and Corrective Action:**

The eligibility issue cited was caused by an employment status change from full time (eligible) to as needed (ineligible). At the time of the eligibility verification, both students were full time but before training had occurred they were changed to an “as needed” employment status and that was not conveyed to our institution.

To resolve this issue a new eligibility verification process has been implemented. Amarillo College personnel will verify eligibility prior to conducting training instead of at the time of enrollment. The correspondence will be via written documentation. Amarillo College will reimburse the funding agency if requested to do so according to the MOU agreement between AC and the hospital business partners.



**Amarillo College**

**Nov 15, 2019**

**Memorandum For:** Amarillo Junior College

**Contact:** Tiffani Crosley   
Interim VP of Business Affairs

**Subject:** Corrective Action for Audit Finding 2019-002  
TEOG- State Grant

**Cause and Corrective Action:**

The one instance cited was a result of the funds not being distributed within the three-day window. Due to and oversight by the Financial Aid Office, TEOG funds that were received by the AC Business Office on a Friday afternoon were not posted timely manner.

The Financial Aid Office will address this finding by ensuring that all future TEOG funds received by the AC Business Office are posted to student accounts within the three-day window prescribed by Texas Higher Education Coordinating Board (THECB) rules. The Financial Aid Office will monitor the receipt of funds through the new electronic funds management system that was recently provided by the THECB. The Director of Financial Aid will closely monitor the management system after the initial fund request is made in order to guarantee that all funds are allocated within three days of being received.

*The Institution believes this is an isolated incident.*



**Amarillo College**

**Nov 15, 2019**

**Memorandum For:** Amarillo Junior College

**Contact:** Tiffani Crosley   
Interim VP of Business Affairs

**Subject:** Corrective Action for Audit Finding 2019-003  
TEOG- State Grant

Six students did not receive matching funds to cover the amount of tuition in excess of TEOG.

*The Institution concurs with the finding and applied the appropriate match to the six students cited.*

**Cause and Corrective Action:**

The instances cited were a result of the matching funds not being applied to students who had a change to their enrollment status in the Spring semester.

In order to resolve this finding, the Financial Aid Office has developed an electronic report that will be run on a weekly basis to identify TEOG recipients who have tuition and fees in excess of their TEOG amounts. The Office will then award the students a TPEG grant to cover this difference. In addition, the Director of Financial Aid will perform a secondary review of all TEOG students to insure the matching is done correctly.

*The Institution has developed procedures to implement proper matching for the TEOG recipients.*



**Amarillo College**

**Nov 15, 2019**

**Memorandum For:** Amarillo Junior College

**Contact:** Tiffani Crosley   
Interim VP of Business Affairs

**Subject:** Corrective Action update for Audit Finding 2018-001  
TEOG- State Grant

**Condition:**

The one instance cited was a result of the funds not being distributed within the three day window. This was an oversight by the Financial Aid Office to timely post funds that were received by the Business Office on a Friday afternoon.

**Current Status:**

The Financial Aid Office now has the ability to track TEOG disbursements online through The Texas Higher Education Coordinating Board's Grant Management System. This will allow us to order funds online, monitor the approval of these funds, and begin posting funds to student's accounts on the same day the funds are approved by the state. This will be monitored by a Financial Aid Assistant as well as the Director of Financial Aid.

**STATISTICAL SUPPLEMENT**  
**(Unaudited)**

**Amarillo College**  
**Statistical Supplement 1**  
**Net Position by Component**  
**Fiscal Years 2010 to 2019**  
(unaudited)

**For the Fiscal Year Ended August 31,**  
(amounts expressed in thousands)

	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>	<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>
Net investment in capital assets	\$ 66,154	\$ 66,290	\$ 64,825	\$ 62,423	\$ 61,401	\$ 58,952	\$ 60,530	\$ 61,057	\$ 65,464	\$ 66,184
Restricted - expendable	12,162	9,597	8,157	10,334	8,766	9,024	9,233	11,621	8,499	8,428
Restricted - nonexpendable	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,620	2,590
Unrestricted	(72,217)	(71,735)	(72,187)	10,626	14,522	27,441	26,064	26,903	24,155	21,996
<b>Total primary government net position</b>	<b>\$ 8,599</b>	<b>\$ 6,652</b>	<b>\$ 3,295</b>	<b>\$ 85,883</b>	<b>\$ 87,189</b>	<b>\$ 97,917</b>	<b>\$ 98,327</b>	<b>\$ 102,081</b>	<b>\$ 100,738</b>	<b>\$ 99,198</b>

**Amarillo College**  
**Statistical Supplement 2**  
**Revenues by Source**  
**Fiscal Years 2010 to 2019**  
(unaudited)

**For the Year Ended August 31,**  
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and fees (net of discounts)	\$ 14,507	\$ 14,417	\$ 14,318	\$ 15,372	\$ 14,349	\$ 14,944	\$ 15,382	\$ 15,428	\$ 13,170	\$ 12,778
Governmental grants and contracts										
Federal grants and contracts	3,919	6,468	2,848	4,399	5,130	5,228	4,944	3,903	4,452	6,172
State grants and contracts	1,475	1,548	1,300	1,642	2,093	2,364	1,885	1,691	1,876	1,788
Local grants and contracts	1,927	1,981	1,944	2,187	2,003	2,004	1,946	1,891	1,953	1,813
Nongovernmental grants and contracts	1,586	1,503	1,727	1,412	2,337	1,535	1,377	1,749	1,557	1,164
Sales and services of educational activities	525	506	455	457	455	506	529	532	524	580
Auxiliary enterprises	5,526	5,561	5,582	5,605	6,181	6,204	6,461	6,631	6,907	7,182
Other operating revenues	771	509	244	49	84	76	116	82	215	186
Total operating revenues	30,236	32,493	28,418	31,123	32,632	32,861	32,640	31,907	30,654	31,663
State appropriations	18,800	21,455	18,255	18,092	19,409	19,045	18,261	18,322	21,177	21,458
Ad valorem taxes	26,530	25,846	24,509	23,466	22,557	21,087	20,481	19,209	18,881	18,160
Federal revenue, nonoperating	17,947	16,805	16,288	15,205	15,416	15,921	16,356	17,424	20,067	17,153
Gifts	321	235	1,286	2,141	1,566	310	800	3,091	186	39
Investment income	912	947	642	396	(10)	586	466	444	571	334
Other nonoperating revenues	103	120	8	3	-	-	-	44	30	76
Total nonoperating revenues	64,613	65,408	60,988	59,303	58,938	56,949	56,364	58,534	60,912	57,220
<b>TOTAL REVENUES</b>	<b>\$ 94,849</b>	<b>\$ 97,901</b>	<b>\$ 89,406</b>	<b>\$ 90,426</b>	<b>\$ 91,570</b>	<b>\$ 89,810</b>	<b>\$ 89,004</b>	<b>\$ 90,441</b>	<b>\$ 91,566</b>	<b>\$ 88,883</b>

**For the Year Ended August 31,**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Tuition and fees (net of discounts)	15.29%	14.73%	16.01%	17.00%	15.66%	16.64%	17.28%	17.06%	14.38%	14.38%
Governmental grants and contracts										
Federal grants and contracts	4.13%	6.61%	3.19%	4.86%	5.60%	5.82%	5.55%	4.32%	4.86%	6.94%
State grants and contracts	1.56%	1.58%	1.45%	1.82%	2.29%	2.63%	2.12%	1.87%	2.05%	2.01%
Local grants and contracts	2.03%	2.02%	2.17%	2.42%	2.19%	2.23%	2.19%	2.09%	2.13%	2.04%
Nongovernmental grants and contracts	1.67%	1.54%	1.93%	1.56%	2.55%	1.71%	1.55%	1.93%	1.70%	1.31%
Sales and services of educational activities	0.55%	0.52%	0.51%	0.51%	0.50%	0.56%	0.59%	0.59%	0.57%	0.65%
Auxiliary enterprises	5.83%	5.68%	6.25%	6.20%	6.75%	6.91%	7.26%	7.33%	7.55%	8.08%
Other operating revenues	0.81%	0.52%	0.27%	0.05%	0.09%	0.08%	0.13%	0.09%	0.24%	0.21%
Total operating revenues	31.87%	33.20%	31.78%	34.42%	35.63%	36.58%	36.67%	35.28%	33.48%	35.62%
State appropriations	19.82%	21.91%	20.42%	20.01%	21.20%	21.21%	20.52%	20.26%	23.13%	24.14%
Ad valorem taxes	27.97%	26.40%	27.41%	25.95%	24.63%	23.48%	23.01%	21.24%	20.62%	20.43%
Federal revenue, nonoperating	18.92%	17.17%	18.21%	16.80%	16.84%	17.73%	18.38%	19.26%	21.92%	19.30%
Gifts	0.34%	0.24%	1.44%	2.37%	1.71%	0.35%	0.90%	3.42%	0.20%	0.04%
Investment income	0.96%	0.97%	0.72%	0.44%	-0.01%	0.65%	0.52%	0.49%	0.62%	0.38%
Other nonoperating revenues	0.12%	0.11%	0.02%	0.01%	0.00%	0.00%	0.00%	0.05%	0.03%	0.09%
Total nonoperating revenues	68.13%	66.80%	68.22%	65.58%	64.37%	63.42%	63.33%	64.72%	66.52%	64.38%
<b>TOTAL REVENUES</b>	<b>100.00%</b>									

**Amarillo College**  
**Statistical Supplement 3**  
**Program Expenses by Function**  
**Fiscal Years 2010 to 2019**  
(unaudited)

**For the Year Ended August 31,**  
(amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	\$ 35,718	\$ 38,152	\$ 31,740	\$ 33,752	\$ 32,858	\$ 32,878	\$ 31,882	\$ 30,256	\$ 30,565	\$ 31,266
Public service	3,668	3,892	3,596	3,671	3,715	3,696	3,694	3,402	3,617	3,536
Academic support	3,698	3,607	2,617	2,826	3,108	2,833	3,109	2,675	3,316	3,291
Student services	4,975	5,060	4,359	4,656	4,522	4,458	4,154	3,985	4,084	3,912
Institutional support	14,126	15,376	16,143	17,227	16,186	13,665	13,591	12,586	12,322	12,176
Operation and maintenance of plant	6,939	7,156	6,705	6,803	7,454	7,406	7,669	7,411	7,168	8,104
Scholarships and fellowships	9,907	8,476	9,219	8,322	9,380	9,902	10,316	11,833	15,329	13,418
Auxiliary enterprises	6,126	6,281	6,015	5,980	6,411	6,239	6,564	6,577	6,596	6,742
Depreciation	5,693	5,827	5,785	5,833	6,036	5,747	5,274	4,994	4,568	4,145
Total operating expenses	90,850	93,827	86,179	89,070	89,670	86,824	86,253	83,719	87,565	86,590
Interest on capital related debt	2,051	2,191	2,432	2,661	2,844	2,856	2,866	2,401	2,430	1,959
Loss on disposal of fixed assets	-	-	-	-	52	3,703	3,115	24	31	66
Total nonoperating expenses	2,051	2,191	2,432	2,661	2,896	6,559	5,981	2,425	2,461	2,025
<b>TOTAL EXPENSES</b>	<b>\$ 92,901</b>	<b>\$ 96,018</b>	<b>\$ 88,611</b>	<b>\$ 91,731</b>	<b>\$ 92,566</b>	<b>\$ 93,383</b>	<b>\$ 92,234</b>	<b>\$ 86,144</b>	<b>\$ 90,026</b>	<b>\$ 88,615</b>

**For the Year Ended August 31,**

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Instruction	38.44%	39.73%	35.99%	35.99%	35.50%	35.21%	34.57%	35.12%	33.95%	35.28%
Public service	3.95%	4.05%	3.91%	3.91%	4.01%	3.96%	4.01%	3.95%	4.02%	3.99%
Academic support	3.98%	3.76%	3.02%	3.02%	3.36%	3.04%	3.36%	3.10%	3.68%	3.71%
Student services	5.36%	5.27%	4.96%	4.96%	4.89%	4.77%	4.50%	4.63%	4.54%	4.41%
Institutional support	15.21%	16.02%	18.33%	18.33%	17.48%	14.63%	14.74%	14.61%	13.69%	13.74%
Operation and maintenance of plant	7.47%	7.45%	7.25%	7.25%	8.05%	7.93%	8.31%	8.60%	7.96%	9.15%
Scholarships and fellowships	10.66%	8.82%	11.10%	11.10%	10.13%	10.60%	11.18%	13.74%	17.03%	15.14%
Auxiliary enterprises	6.59%	6.54%	6.38%	6.38%	6.93%	6.68%	7.12%	7.63%	7.33%	7.61%
Depreciation	6.13%	6.08%	6.22%	6.22%	6.52%	6.15%	5.72%	5.80%	5.07%	4.68%
Total operating expenses	97.79%	97.72%	97.16%	97.16%	96.87%	92.97%	93.51%	97.18%	97.27%	97.71%
Interest on capital related debt	2.21%	2.28%	2.84%	2.84%	3.07%	3.06%	3.11%	2.79%	2.70%	2.22%
Loss on disposal of fixed assets	0.00%	0.00%	0.00%	0.00%	0.06%	3.97%	3.38%	0.03%	0.03%	0.07%
Total nonoperating expenses	2.21%	2.28%	2.84%	2.84%	3.13%	7.03%	6.49%	2.82%	2.73%	2.29%
<b>TOTAL EXPENSES</b>	<b>100.00%</b>									

**Amarillo College  
Statistical Supplement 4  
Tuition and Fees  
Last Ten Academic Years  
(unaudited)**

**Resident  
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Learning Resource Fee (per student)	In-District Tuition	Out-of-District Tuition	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH In-District	Cost for 12 SCH Out-of-District	Increase from Prior Year In-District	Increase from Prior Year Out-of-District
2018	\$ -	\$ 47.00	\$ 43.00	\$ 29.00	\$ 11.00	\$ 2.00	\$ 1,068.00	\$ 1,584.00	6.27%	4.14%
2017	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2016	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	0.00%	0.00%
2015	-	44.00	43.00	28.00	10.00	1.75	1,005.00	1,521.00	5.02%	4.97%
2014	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	0.00%	0.00%
2013	-	42.00	41.00	26.00	10.00	1.75	957.00	1,449.00	3.91%	4.32%
2012	-	42.00	39.00	23.00	10.00	1.75	921.00	1,389.00	10.04%	9.46%
2011	-	40.00	36.00	19.00	9.00	1.75	837.00	1,269.00	11.16%	24.78%
2010	-	36.00	22.00	16.00	9.00	1.75	753.00	1,017.00	6.81%	11.88%
2009	-	34.00	17.00	15.00	8.00	1.75	705.00	909.00	0.00%	0.00%

**Non-Resident  
Fees per Semester Credit Hour (SCH)**

Academic Year (Fall)	Learning Resource Fee (per student)	Non-Resident Tuition Out of State	Non-Resident Tuition International	Matriculation & General Fee	Technology Fees	Student Activity Fees	Cost for 12 SCH Out of State	Cost for 12 SCH International	Increase from Prior Year Out of State	Increase from Prior Year International
2018	\$ -	\$ 151.00	-	\$ 29.00	\$ 11.00	\$ 2.00	\$ 2,316.00	\$ -	1.18%	-
2017	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2016	-	151.00	-	28.00	10.00	1.75	2,289.00	-	0.00%	-
2015	-	151.00	-	28.00	10.00	1.75	2,289.00	-	4.95%	-
2014	-	144.00	-	26.00	10.00	1.75	2,181.00	-	0.00%	-
2013	-	144.00	-	26.00	10.00	1.75	2,181.00	-	2.83%	-
2012	-	142.00	-	23.00	10.00	1.75	2,121.00	-	6.64%	-
2011	-	136.00	-	19.00	9.00	1.75	1,989.00	-	32.87%	-
2010	-	98.00	-	16.00	9.00	1.75	1,497.00	-	11.63%	-
2009	-	87.00	-	15.00	8.00	1.75	1,341.00	-	0.00%	-

Note: Includes basic enrollment tuition and fees but excludes course based fees such as laboratory fees, testing fees and certification fees.

**Amarillo College**  
**Statistical Supplement 5**  
**Assessed Value and Taxable Assessed Value of Property**  
**Last Ten Fiscal Years**  
(unaudited)

Fiscal Year	(Amounts expressed in thousands)			Ratio of Taxable Assessed Value to Assessed Value	Direct Rate		
	Assessed Valuation of Property	Less: Exemptions	Taxable Assessed Value (TAV)		Maintenance & Operations (a)	Debt Service (a)	Total (a)
2018-19	\$ 15,513,295	\$ 2,230,483	\$ 13,282,812	85.62%	0.16499	0.04251	0.20750
2017-18	15,082,945	2,168,266	12,914,679	85.62%	0.15619	0.05131	0.20750
2016-17	14,257,793	2,074,263	12,183,530	85.45%	0.16669	0.04081	0.20750
2015-16	13,660,035	2,007,616	11,652,419	85.30%	0.16669	0.04081	0.20750
2014-15	13,178,836	1,970,945	11,207,891	85.04%	0.16221	0.04529	0.20750
2013-14	12,666,735	1,818,863	10,847,872	85.64%	0.15521	0.04429	0.19950
2012-13	12,442,882	1,905,974	10,536,908	84.68%	0.15089	0.04861	0.19950
2011-12	12,206,296	1,864,211	10,342,085	84.73%	0.14241	0.04697	0.18938
2010-11	11,735,501	1,598,430	10,137,071	86.38%	0.14149	0.04847	0.18996
2009-10	11,643,501	1,574,152	10,069,349	86.48%	0.14064	0.04349	0.18413

Source: Local Appraisal District

Notes: Property is assessed at full market value.  
(a) per \$100 Taxable Assessed Valuation

**Amarillo College**  
**Statistical Supplement 6**  
**State Appropriation per FTSE and Contact Hour**  
**Last Ten Fiscal Years**

(unaudited)

(dollar amounts expressed in thousands)

Fiscal Year	Appropriation per FTSE			Appropriation per Contact Hour			
	State Appropriation	FTSE (a)	State Appropriation per FTSE	Academic Contact Hours (a)	Voc/Tech Contact Hours (b)	Total Contact Hours	State Appropriation per Contact Hour
2018-19	\$ 13,522	6,599	\$ 2,049	2,574	1,489	4,063	3.33
2017-18	13,523	6,810	1,986	1,720	1,270	2,990	4.52
2016-17	13,815	6,746	2,048	2,049	1,273	3,322	4.16
2015-16	13,824	6,678	2,070	2,361	1,426	3,787	3.65
2014-15	15,289	6,951	2,200	2,554	2,053	4,607	3.32
2013-14	15,278	7,340	2,081	2,690	1,825	4,515	3.38
2012-13	15,098	7,637	1,977	2,856	1,920	4,776	3.16
2011-12	15,321	7,967	1,923	3,018	2,006	5,024	3.05
2010-11	15,893	8,091	1,964	3,093	2,097	5,190	3.06
2009-10	16,049	7,516	2,135	3,012	1,974	4,986	3.22

Notes:

FTSE is defined as the number of full time students plus total hours taken by part-time students divided by 12.

(a) Source CBM001

(b) Source CBM00A

**Amarillo College**  
**Statistical Supplement 7**  
**Principal Taxpayers**  
**Last Ten Tax Years**  
(unaudited)

Taxpayer	Type of Business	Taxable Assessed Value (TAV) by Tax Year (\$000 omitted)									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Southwestern Public Service	Utility	\$ 168,216	\$ 163,882	\$ 127,188	\$ 132,952	\$ 113,495	\$ 99,601	\$ 93,024	\$ 86,005	\$ 72,317	\$ 71,458
BSA Hospital LLC	Hospital	140,723	136,693	127,643	105,867	103,240	102,539	-	-	-	-
Bell Helicopter Textron I	Manufacturing Plant	139,623	105,618	62,349	-	-	-	-	-	-	-
Wal Mart Stores Inc.	Retail	100,647	100,848	101,808	88,569	81,821	84,187	85,933	85,542	84,559	84,745
Northwest Texas Healthcare Systems Inc	Hospital	88,405	85,745	89,048	93,917	91,014	88,859	84,729	84,352	86,142	84,248
BNSF Railway Co	Railroad	92,836	83,968	80,238	75,728	74,309	73,579	67,338	60,513	52,160	47,574
Case Newport LP	Housing	80,130	80,620	80,147	-	38,113	-	36,883	34,858	33,337	33,345
Atmos Corp/Energas Co	Utility	83,332	72,962	62,578	55,503	53,249	48,110	41,336	33,281	-	27,376
Amarillo Mall LCC	Retail Store	63,402	63,968	63,856	63,835	63,961	63,896	63,926	63,940	63,954	63,971
Amarillo Economic Development Corp.	Com/Econ Dev	52,040	51,559	48,957	43,635	-	-	41,926	39,667	37,797	-
Toot N Totum INC	Retail	51,146	50,666	44,299	41,550	42,774	38,419	-	-	-	-
Amarillo National Bank	Banking	42,321	42,755	40,193	39,349	39,715	39,528	37,584	36,937	37,357	36,860
Ben E. Keith Company	Warehouse	30,947	30,281	31,381	-	-	39,709	48,877	49,022	47,962	47,954
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	33,121	38,423
Totals		\$ 1,133,768	\$ 1,069,565	\$ 959,685	\$ 740,905	\$ 701,691	\$ 678,427	\$ 601,556	\$ 574,117	\$ 548,706	\$ 535,954
Total Taxable Assessed Value		\$ 13,282,812	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349

Taxpayer	Type of Business	% of Taxable Assessed Value (TAV) by Tax Year									
		2018	2017	2016	2015	2014	2013	2012	2011	2010	2009
Southwestern Public Service	Utility	1.27%	1.27%	1.04%	1.14%	1.01%	0.92%	0.88%	0.83%	0.71%	0.71%
BSA Hospital LLC	Hospital	1.06%	1.06%	1.05%	0.91%	0.92%	0.95%	-	-	-	-
Bell Helicopter Textron I	Manufacturing Plant	1.05%	0.82%	0.51%	-	-	-	-	-	-	-
Wal Mart Stores Inc.	Retail	0.76%	0.78%	0.84%	0.76%	0.73%	0.78%	0.82%	0.83%	0.83%	0.84%
Northwest Texas Healthcare Systems Inc	Hospital	0.67%	0.66%	0.73%	0.81%	0.81%	0.82%	0.80%	0.82%	0.85%	0.84%
BNSF Railway Co	Railroad	0.70%	0.65%	0.66%	0.65%	0.66%	0.68%	0.64%	0.59%	0.51%	0.47%
Case Newport LP	Housing	0.60%	0.62%	0.66%	-	0.34%	-	0.35%	0.34%	0.33%	0.33%
Atmos Corp/Energas Co	Utility	0.63%	0.56%	0.51%	0.48%	0.48%	0.44%	0.39%	0.32%	-	0.27%
Amarillo Mall LCC	Retail Store	0.48%	0.50%	0.52%	0.55%	0.57%	0.59%	0.61%	0.62%	0.63%	0.64%
Amarillo Economic Development Corp.	Com/Econ Dev	0.39%	0.40%	0.40%	0.37%	-	-	0.40%	0.38%	0.37%	-
Toot N Totum INC	Retail	0.39%	0.39%	0.36%	0.36%	0.38%	0.35%	-	-	-	-
Amarillo National Bank	Banking	0.32%	0.33%	0.33%	0.34%	0.35%	0.36%	0.36%	0.36%	0.37%	0.37%
Ben E. Keith Company	Warehouse	0.23%	0.23%	0.26%	-	-	0.37%	0.46%	0.47%	0.47%	0.48%
Southwestern Bell Telephone	Utility	-	-	-	-	-	-	-	-	0.33%	0.38%
Totals		8.55%	8.27%	7.87%	6.37%	6.25%	6.26%	5.71%	5.56%	5.40%	5.33%

Source: Local County Appraisal District

**Amarillo College**  
**Statistical Supplement 8**  
**Property Tax Levies and Collections**  
**Last Ten Tax Years**  
(unaudited)  
(dollar amounts expressed in thousands)

Fiscal Year Ended August 31	Levy (a)	Cumulative Levy Adjustments	Adjusted Tax Levy (b)	Collections - Year of Levy (c)	Percentage	Prior Collections of Prior Levies (d)	Current Collections of Prior Levies (e)	Total Collections (C+D+E)	Cumulative Collections of Adjusted Levy
2019	\$ 26,544	\$ (39)	\$ 26,505	\$ 26,242	99.01%	\$ -	\$ 176	\$ 26,418	99.67%
2018	25,813	(62)	25,751	25,531	99.15%	-	179	25,710	99.84%
2017	24,440	(31)	24,409	24,166	99.00%	-	203	24,369	99.84%
2016	23,391	(5)	23,386	23,151	98.99%	-	215	23,366	99.91%
2015	22,530	(39)	22,491	22,202	98.72%	-	270	22,472	99.92%
2014	21,056	(38)	21,018	20,736	98.66%	-	-	20,736	98.66%
2013	20,415	(64)	20,351	20,038	98.46%	55	158	20,251	99.51%
2012	19,104	32	19,136	18,792	98.20%	236	41	19,069	99.65%
2011	18,750	18	18,768	18,406	98.07%	282	20	18,708	99.68%
2010	18,097	(32)	18,065	17,690	97.92%	310	13	18,013	99.71%

Source: Local Tax Assessor/Collector and District records.

(a) As reported in notes to the financial statements for the year of the levy.

(b) As of August 31st of the current reporting year.

(c) Property tax only - does not include penalties and interest

(d) Represents cumulative collections of prior years not collected in the current year or the year of the tax levy.

(e) Represents current year collections of prior years levies.

**Amarillo College**  
**Statistical Supplement 9**  
**Ratios of Outstanding Debt**  
**Last Ten Fiscal Years**  
(unaudited)

**For the Year Ended August 31**  
(dollar amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>General Bonded Debt</b>										
General obligation bonds	\$ 52,355	\$ 55,735	\$ 58,905	\$ 61,905	\$ 64,470	\$ 66,965	\$ 69,040	\$ 70,915	\$ 58,205	\$ 60,320
Notes	-	-	-	-	-	-	-	-	-	-
Less: Funds restricted for debt service	-	-	-	-	-	-	-	-	-	-
Net general bonded debt	52,355	55,735	58,905	61,905	64,470	66,965	69,040	70,915	58,205	60,320
<b>Other Debt</b>										
Revenue bonds	3,160	3,365	3,560	3,750	3,935	4,115	4,295	4,470	505	740
Notes	1,000	1,500	-	-	-	112	409	-	-	-
Capital lease obligations	109	24	-	69	-	-	-	-	-	-
Total Outstanding Debt	\$ 56,624	\$ 60,624	\$ 62,465	\$ 65,724	\$ 68,405	\$ 71,192	\$ 73,744	\$ 75,385	\$ 58,710	\$ 61,060

**General Bonded Debt Ratios**

Per Capita	\$ 0.26	*	*	*	*	\$ 0.34	\$ 0.35	\$ 0.36	\$ 0.30	\$ 0.32
Per FTSE	7.69	9.09	8.73	9.27	9.27	9.12	9.04	8.90	7.19	8.03
As a percentage of Taxable Assessed Value	0.39%	0.43%	0.48%	0.53%	0.58%	0.62%	0.66%	0.69%	0.57%	0.59%

**Total Outstanding Debt Ratios**

Per Capita	\$ 0.28	*	*	*	*	\$ 0.36	\$ 0.38	\$ 0.39	\$ 0.30	\$ 0.32
Per FTSE	8.31	8.68	9.26	9.84	9.84	9.70	9.66	9.46	7.37	8.12
As a percentage of Taxable Assessed Value	0.43%	0.46%	0.51%	0.56%	0.61%	0.66%	0.70%	0.73%	0.58%	0.60%

Notes: Ratios calculated using population and TAV from current year. Debt per student calculated using full-time-equivalent enrollment.

\* Per the Bureau of Economic Analysis: Estimates of per capital personal income for 2014 will be released with the rest of the Local Area Estimates on November 26th.

**Amarillo College**  
**Statistical Supplement 10**  
**Legal Debt Margin Information**  
**Last Ten Fiscal Years**  
(unaudited)

**For the Year Ended August 31**  
(dollar amounts expressed in thousands)

	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Taxable Assessed Value	\$ 13,282,812	\$ 12,914,679	\$ 12,183,530	\$ 11,652,419	\$ 11,207,891	\$ 10,847,872	\$ 10,536,908	\$ 10,342,085	\$ 10,137,071	\$ 10,069,349
<b>General Obligation Bonds</b>										
Statutory Tax Levy Limit for Debt Service	\$ 66,414	\$ 64,573	\$ 60,918	\$ 58,262	\$ 56,039	\$ 54,239	\$ 52,685	\$ 51,710	\$ 50,685	\$ 50,347
Less: Funds Restricted for Repayment of General Obligation Bonds	-	-	-	-	-	-	-	-	-	-
Total Net General Obligation Debt	66,414	64,573	60,918	58,262	56,039	54,239	52,685	51,710	50,685	50,347
Current Year Debt Service Requirements	6,180	5,340	5,264	5,247	5,029	4,902	4,885	4,076	4,784	4,307
Excess of Statutory Limit for Debt Service over Current Requirements	\$ 60,234	\$ 59,233	\$ 55,654	\$ 53,015	\$ 51,010	\$ 49,337	\$ 47,800	\$ 47,634	\$ 45,901	\$ 46,040
Net Current Requirements as a % of Statutory Limit	9.31%	8.27%	8.64%	9.01%	8.97%	9.04%	9.27%	7.88%	9.44%	8.55%

Note: Texas Education Code Section 130.122 limits the debt service tax levy of community colleges to \$0.50 per hundred dollars taxable assessed valuation.

**Amarillo College**  
**Statistical Supplement 11**  
**Pledged Revenue Coverage**  
**Last Ten Fiscal Years**  
(unaudited)

**Revenue Bonds**

Fiscal Year Ended August 31	Pledged Revenues (\$000 omitted)											Debt Service Requirements (\$000 omitted)			
	Tuition	General Fee	Matriculation Fees	Distance Learning Fee	Out of District Fees	Misc Income Fees	Interest Income	Indirect Cost Recovery	Unrestricted Private Grants	Sales of Educational Activities	Total	Principal	Interest	Total	Coverage Ratio
2019	\$ 3,023	\$ 4,255	\$ -	\$ 1,546	\$ -	\$ 2,299	\$ 661	\$ 162	\$ 477	\$ 279	\$ 12,702	205	135	340	37.36
2018	3,082	4,428	-	1,567	-	2,138	411	174	402	262	12,464	195	140	335	37.21
2017	2,387	4,324	-	1,548	-	1,878	175	128	249	169	10,858	195	140	335	32.41
2016	2,354	4,297	-	1,553	-	1,839	84	151	142	175	10,595	185	152	337	31.44
2015	2,268	4,093	-	1,024	-	1,611	54	288	377	381	10,096	180	155	335	30.14
2014	2,401	4,315	-	480	-	1,341	49	214	2,219	512	11,531	180	159	339	34.01
2013	2,531	3,904	-	493	-	1,381	58	242	2,152	529	11,290	175	162	337	33.50
2012	2,568	3,456	-	505	-	1,538	80	229	2,063	531	10,970	235	36	271	40.48
2011	398	3,082	-	-	1,233	1,338	161	216	2,161	524	9,113	225	47	272	33.50
2010	390	2,826	-	-	969	1,211	70	176	1,997	609	8,248	215	57	272	30.32

**Amarillo College**  
**Statistical Supplement 12**  
**Demographic and Economic Statistics - Taxing District**  
**Last Ten Fiscal Years**  
(unaudited)

Calendar Year	District Population	District Personal Income (a) (thousands of dollars)	District Personal Income Per Capita	District Unemployment Rate
2018	199,924	*	*	2.7%
2017	199,826	8,756,375	43,820	3.0%
2016	199,582	8,714,548	43,664	3.1%
2015	198,645	8,670,457	43,648	3.1%
2014	197,254	8,188,014	41,510	3.6%
2013	196,429	7,856,767	39,998	4.6%
2012	195,250	7,485,885	38,340	4.8%
2011	193,678	7,159,888	36,968	5.4%
2010	191,331	6,817,124	35,630	5.5%
2009	189,392	6,467,737	34,150	5.2%

**Sources:**

Population from U.S. Bureau of the Census.  
Personal income from U.S. Bureau of Economic Analysis  
Unemployment rate from Texas Workforce Commission

**Notes:**

\* Per the Bureau of Economic Analysis: Estimates of per capita personal income for 2018 will be released with the rest of the local area estimates on November 14th.

**Amarillo College**  
**Statistical Supplement 13**  
**Principal Employers**  
**Current Fiscal Year**  
(unaudited)

<u>Employer</u>	<u>Number of Employees</u>	<u>Percentage of Total Employment</u>
Amarillo Independent School District	5,364	5.49%
Tyson Foods, Inc.	4,400	4.50%
CNS Pantex	3,203	3.28%
BSA Health System/Don & Sybil Harrington Cancer Center	3,200	3.28%
Northwest Texas Healthcare System	1,860	1.90%
City of Amarillo	1,439	1.47%
Affiliated Foods/TriState Baking/Plains Dairy	1,205	1.23%
Walmart Supercenters (4 locations)	1,359	1.39%
Amarillo VA Healthcare System	1,215	1.24%
United Supermarkets	1,604	1.64%
Total	<u>24,849</u>	<u>25.44%</u>

**Source:**

Amarillo Chamber of Commerce  
U.S. Department of Labor - Bureau of Labor Statistics

**Amarillo College**  
**Statistical Supplement 14**  
**Faculty, Staff, and Administrators Statistics**  
**Last Ten Fiscal Years**  
(unaudited)

	Fiscal Year									
	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
<b>Faculty</b>										
Full-Time	193	194	171	225	219	225	225	218	221	234
Part-Time	329	326	400	646	537	601	586	581	556	548
Total	522	520	571	871	756	826	811	799	777	782
<b>Percent</b>										
Full-Time	37.0%	37.3%	29.9%	25.8%	29.0%	27.2%	27.7%	27.3%	28.4%	29.9%
Part-Time	63.0%	62.7%	70.1%	74.2%	71.0%	72.8%	72.3%	72.7%	71.6%	70.1%
<b>Staff and Administrators</b>										
Full-Time	420	425	422	397	433	472	466	456	482	473
Part-Time	229	172	253	212	206	270	287	266	269	283
Total	649	597	675	609	639	742	753	722	751	756
<b>Percent</b>										
Full-Time	64.7%	71.2%	62.5%	65.2%	67.8%	63.6%	61.9%	63.2%	64.2%	62.6%
Part-Time	35.3%	28.8%	37.5%	34.8%	32.2%	36.4%	38.1%	36.8%	35.8%	37.4%
FTSE per Full-Time Faculty	34.19	35.10	39.45	29.68	31.74	32.62	33.94	36.55	36.61	32.12
FTSE per Full-Time Staff Member	15.71	16.02	15.99	16.82	16.05	15.55	16.39	17.47	16.79	15.89
Average Annual Faculty Salary	\$65,419	\$56,495	\$59,330	\$60,206	\$61,928	\$66,795	\$65,862	\$64,569	\$64,087	\$61,787

**Amarillo College**  
**Statistical Supplement 15**  
**Enrollment Details**  
**Last Five Fiscal Years**  
(unaudited)

Student Classification	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
00-30 hours	6,259	63.58%	4,142	55.04%	6,222	65.46%	6,194	64.68%	6,615	66.50%
31-60 hours	2,622	26.64%	2,523	33.53%	2,480	26.09%	2,502	26.13%	2,410	24.22%
> 60 hours	963	9.78%	860	11.43%	803	8.45%	880	9.19%	923	9.28%
<b>Total</b>	<b>9,844</b>	<b>100.00%</b>	<b>7,525</b>	<b>100.00%</b>	<b>9,505</b>	<b>100.00%</b>	<b>9,576</b>	<b>100.00%</b>	<b>9,948</b>	<b>100.00%</b>

Semester Hour Load	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Less than 3	58	0.59%	55	0.40%	38	0.40%	44	0.46%	59	0.59%
3-5 semester hours	2,230	22.65%	924	19.95%	1,896	19.95%	1,727	18.03%	2,133	21.44%
6-8 semester hours	2,812	28.57%	2,059	29.94%	2,846	29.94%	2,904	30.33%	2,914	29.29%
9-11 semester hours	1,723	17.50%	1,586	19.18%	1,823	19.18%	1,967	20.54%	2,287	22.99%
12-14 semester hours	2,397	24.35%	2,346	23.73%	2,256	23.73%	2,383	24.88%	2,332	23.44%
15-17 semester hours	503	5.11%	419	5.49%	522	5.49%	423	4.42%	209	2.10%
18 & over	121	1.23%	136	1.31%	124	1.31%	128	1.34%	14	0.15%
<b>Total</b>	<b>9,844</b>	<b>100.00%</b>	<b>7,525</b>	<b>100.00%</b>	<b>9,505</b>	<b>100.00%</b>	<b>9,576</b>	<b>100.00%</b>	<b>9,948</b>	<b>100.00%</b>

Average course load                      8.4                      6.4                      6.7                      7.8                      8.8

Tuition Status	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
Texas Resident (In-District)	6,985	70.96%	5,744	72.25%	6,867	72.25%	6,920	72.26%	7,173	72.10%
Texas Resident (Out-of-District)	2,524	25.64%	1,611	25.17%	2,392	25.17%	2,437	25.45%	2,550	25.63%
Non-Resident Tuition	335	3.40%	170	2.58%	246	2.58%	219	2.29%	225	2.27%
<b>Total</b>	<b>9,844</b>	<b>100.00%</b>	<b>7,525</b>	<b>100.00%</b>	<b>9,505</b>	<b>100.00%</b>	<b>9,576</b>	<b>100.00%</b>	<b>9,948</b>	<b>100.00%</b>

**Amarillo College**  
**Statistical Supplement 16**  
**Student Profile**  
**Last Five Fiscal Years**  
(unaudited)

	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
<u>Gender</u>										
Female	3,616	36.73%	4,870	64.72%	5,914	62.22%	5,925	61.87%	6,148	61.80%
Male	6,228	63.27%	2,655	35.28%	3,591	37.78%	3,651	38.13%	3,800	38.20%
Total	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%	9,948	100.00%

	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
<u>Ethnic Origin</u>										
White	4,516	45.88%	3,423	48.49%	4,609	48.49%	4,793	50.05%	5,155	51.83%
Hispanic	4,034	40.98%	3,149	39.69%	3,773	39.69%	3,632	37.93%	3,721	37.41%
African American	502	5.10%	431	4.65%	442	4.65%	467	4.88%	425	4.27%
Asian	299	3.04%	224	2.87%	273	2.87%	274	2.86%	262	2.63%
Foreign	43	0.44%	48	0.77%	73	0.77%	71	0.74%	60	0.60%
Native American	72	0.73%	30	0.54%	51	0.54%	52	0.54%	55	0.55%
Other	378	3.84%	220	2.99%	284	2.99%	287	3.00%	270	2.71%
Total	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%	9,948	100.00%

	Fall 2018		Fall 2017		Fall 2016		Fall 2015		Fall 2014	
	Number	Percent								
<u>Age</u>										
Under 18	2,266	23.02%	322	4.28%	2,128	22.39%	1,964	20.51%	2,070	20.81%
18 - 21	3,620	36.77%	3,318	44.09%	3,536	37.20%	3,579	37.37%	3,559	35.78%
22 - 24	1,128	11.46%	1,097	14.58%	1,090	11.47%	1,140	11.90%	1,175	11.81%
25 - 35	1,888	19.18%	1,860	24.72%	1,900	19.99%	1,965	20.52%	2,104	21.15%
36 - 50	788	8.00%	769	10.22%	696	7.32%	763	7.97%	842	8.46%
51 & over	154	1.56%	159	2.11%	155	1.63%	165	1.73%	198	1.99%
Total	9,844	100.00%	7,525	100.00%	9,505	100.00%	9,576	100.00%	9,948	100.00%

Average Age	23	25	23	24	24
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**Amarillo College**  
**Statistical Supplement 17**  
**Transfers to Senior Institutions**  
**2018-2019 Graduates, Completers, and Non-Returners as of Fall 2019**  
**(Includes only public senior colleges in Texas)**  
(unaudited)

	Transfer Student Count	Transfer Student Count	Transfer Student Count	Total of all Sample Transfer Students	% of all Sample Transfer Students	
	Academic	Technical	Tech-Prep			
1	ACCD - Northwest Vista College	0	1	0	1	0.05%
2	ACCD - San Antonio College	1	0	1	2	0.10%
3	Amarillo College	213	243	51	507	24.77%
4	Angelo State University	8	0	1	9	0.44%
5	Austin Community College	5	0	1	6	0.29%
6	Blinn College District	16	1	0	17	0.83%
7	Central Texas College	1	1	1	3	0.15%
8	Clarendon College	8	2	3	13	0.64%
9	Collin County Community College District	3	1	1	5	0.24%
10	DCCCD - Brookhaven College	0	1	0	1	0.05%
11	DCCCD - Eastfield College	0	0	1	1	0.05%
12	DCCCD - North Lake College	0	0	1	1	0.05%
13	DCCCD - Richland College	1	0	0	1	0.05%
14	Frank Phillips College	24	2	7	33	1.61%
15	Galveston College	0	1	0	1	0.05%
16	HCJCD - Howard College	3	0	0	3	0.15%
17	Lamar University	4	0	1	5	0.24%
18	McLennan Community College	0	0	1	1	0.05%
19	Midland College	1	0	0	1	0.05%
20	Midwestern State University	3	0	0	3	0.15%
21	Navarro College	2	0	0	2	0.10%
22	North Central Texas College	2	0	1	3	0.15%
23	Northeast Texas Community College	2	1	1	4	0.20%
24	Odessa College	1	0	3	4	0.20%
25	Paris Junior College	1	0	0	1	0.05%
26	Prairie View A&M University	1	0	0	1	0.05%
27	Sam Houston State University	2	0	0	2	0.10%
28	San Jacinto College - South Campus	0	0	1	1	0.05%
29	South Plains College	21	6	5	32	1.56%
30	South Texas College	1	0	0	1	0.05%
31	Southwest Texas Junior College	0	0	1	1	0.05%
32	Stephen F. Austin State University	1	0	0	1	0.05%
33	Sul Ross State University	2	0	1	3	0.15%
34	Tarleton State University	11	0	0	11	0.54%
35	Tarrant County College - Connect Campus	1	0	0	1	0.05%
36	Tarrant County College - Northeast Campus	0	1	0	1	0.05%
37	Tarrant County College - Trinity River Campus	1	0	0	1	0.05%
38	Texas A&M University	55	0	1	56	2.74%
39	Texas A&M University - Commerce	4	0	0	4	0.20%
40	Texas A&M University - Corpus Christi	2	0	0	2	0.10%
41	Texas A&M University - Kingsville	0	1	0	1	0.05%

**Amarillo College**  
**Statistical Supplement 17, Continued**  
**Transfers to Senior Institutions**  
**2018-2019 Graduates, Completers, and Non-Returners as of Fall 2019**  
**(Includes only public senior colleges in Texas)**  
(unaudited)

	Transfer Student Count Academic	Transfer Student Count Technical	Transfer Student Count Tech-Prep	Total of all Sample Transfer Students	% of all Sample Transfer Students
42 Texas A&M University - Texarkana	1	1	0	2	0.10%
43 Texas A&M University at Galveston	1	0	0	1	0.05%
44 Texas A&M University System Health Science Center	2	0	0	2	0.10%
45 Texas State Technical College - Waco	1	0	0	1	0.05%
46 Texas State Technical College in West Texas	0	0	1	1	0.05%
47 Texas State University	16	0	1	17	0.83%
48 Texas Tech University	218	7	4	229	11.19%
49 Texas Tech University Health Sciences Center	16	1	5	22	1.07%
50 The University of Texas at Arlington	23	0	4	27	1.32%
51 The University of Texas at Austin	36	0	0	36	1.76%
52 The University of Texas at Dallas	8	0	0	8	0.39%
53 The University of Texas at San Antonio	11	0	0	11	0.54%
54 The University of Texas at Tyler	0	0	1	1	0.05%
55 The University of Texas Health Science Center at San Antonio	0	0	1	1	0.05%
56 The University of Texas Medical Branch at Galveston	1	0	0	1	0.05%
57 The University of Texas of the Permian Basin	2	0	0	2	0.10%
58 Tyler Junior College	2	1	0	3	0.15%
59 University of Houston	4	0	1	5	0.24%
60 University of Houston - Clear Lake	1	0	0	1	0.05%
61 University of Houston - Downtown	1	0	0	1	0.05%
62 University of Houston - Victoria	1	0	0	1	0.05%
63 University of North Texas	23	1	0	24	1.17%
64 University of North Texas Health Science Center	1	0	0	1	0.05%
65 West Texas A&M University	828	25	44	897	43.82%
66 Western Texas College	4	1	0	5	0.24%
<b>Totals</b>	<b>1,602</b>	<b>299</b>	<b>146</b>	<b>2,047</b>	<b>100.00%</b>

**NOTE:** Totals may not equal those from the Automated Student and Adult Learner Follow-up System Results since non-disclosure students are not included in this report.  
Information taken from Automated Student & Adult Learner Follow-up Report from the Coordinating Board.

**Amarillo College**  
**Statistical Supplement 18**  
**Capital Asset Information**  
**Fiscal Years 2015 to 2019**  
(unaudited)

	<b>Fiscal Year</b>				
	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Academic buildings	32	32	31	31	31
Square footage (in thousands)	998	998	987	997	962
Libraries*	1	1	1	1	1
Square footage (in thousands)	16	16	16	16	16
Number of Volumes (in thousands)	50	50	50	51	51
Administrative and support buildings	8	8	8	7	8
Square footage (in thousands)	188	188	188	158	159
Rentals					
Apartment Bldgs (formerly Dorms)	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Number of Beds	-	-	-	-	-
Rental Housing Units	335	335	335	335	335
Square footage (in thousands)	493	493	493	493	493
Commercial Rentals	3	3	3	3	3
Square footage (in thousands)	16	16	16	17	17
Dining Facilities*	-	-	-	-	-
Square footage (in thousands)	-	-	-	-	-
Athletic Facilities (sum of below)	5	5	5	5	5
Square footage(in thousands)	79	79	78	78	85
Stadiums	-	-	-	-	-
Gymnasiums*	5	5	5	5	5
Fitness Centers*	2	2	2	2	2
Tennis Court	-	-	-	-	-
Plant facilities	4	4	5	5	5
Square footage (in thousands)	81	81	96	96	96
<b>Transportation (Total)</b>	<b>147</b>	<b>148</b>	<b>140</b>	<b>139</b>	<b>140</b>
Cars	30	30	29	29	29
Semi Trucks / Heavy Trucks (Instructional)	26	28	28	27	25
Light Trucks/Vans (includes Instructional)	66	68	62	62	64
Buses (Instructional)	12	8	8	8	9
Motorcycles (Instructional)	13	14	13	13	13

\* May be within other buildings